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ABSTRACT

This is a comprehensive record of a Congressional hearing on three bills dealing with teachers' pay and retirement benefits in the District of Columbia. Included is testimony on the following measures: H. R. 14662, a bill to authorize the District of Columbia to provide for increases in teachers' salaries and retirement benefits; H. R. 14400, a bill to authorize the District of Columbia Council to provide for increases in teachers' salaries and retirement benefits; and H. R. 13970, a bill to increase the annuity payable to retired teachers in the District of Columbia. An alphabetical index of all persons presenting testimony or submitting statements to the subcommittee and a topical index of subjects discussed during the hearing are also included. (JG)

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TEACHERS' PAY AND RETIREMENT

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HEARING

BEFORE THE

SUBCOMMITTEE ON EDUCATION

OF THE

COMMITTEE ON THE DISTRICT OF COLUMBIA

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

SECOND SESSION

ON

H.R. 14662 and H.R. 14400

TO AUTHORIZE THE D.C. COUNCIL TO PROVIDE PAY INCREASE FOR TEACHERS

AND

H.R. 13970

TO INCREASE RETIRED TEACHERS' ANNUITIES

MAY 30, 1974

Serial No. 93-12

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CONTENTS

	Page
H.R. 14662, by Mr. Dellums (to authorize the District of Columbia Council to provide for teachers in the District of Columbia, and for other purposes)	1
H.R. 14400, by Mr. Fraser (to authorize the District of Columbia Council to provide for an increase in compensation for teachers and others in the District of Columbia, and for other purposes	2
H.R. 13970, by Mr. Broyhill (to amend the act relating to retirement annuities for teachers in the District of Columbia to increase the annuity payable to retired teachers)	3

STATEMENTS

Anthony, Norman S., president, Council of School Officers	78
Broyhill, Hon. Joel T	51, 53
D.C. Board of Education:	
Morris, Virginia, vice president and chairman, Employee Relations, Personnel Policies and Appeals and Grievance Committee	60
Sizemore, Barbara, Superintendent of Schools	60
Government of the District of Columbia:	
Coppie, Comer S., special assistant for Budget and Financial Management	4, 28, 29
Washington, Hon. Walter E., Mayor-Commissioner	4, 13
Weinberg, Donald H., Director of Personnel	19, 25
Samuels, Miss Helen for the chairman, Legislative Committee, D.C. Retired Teachers Association	83, 84
Washington Teachers Union:	
Simons, William H., president	71
Spiegel, Barry, legislative representative	71

MATERIAL SUBMITTED FOR THE RECORD

District Government:	
Letter dated October 2, 1974 to Chairman Diggs re meeting funding requirements of pay bills	10
Letter dated October 2, 1974 to the Speaker transmitting draft of bill (which became H.R. 15141), together with section-by-section summary and supporting material	15
Statement of purpose and justification for increasing the salaries of D.C. teachers and officers	38
Financing alternatives for the police and fire retirement system	42–50
"Is there One 'Right' Program for Preschoolers?", article from *Today's Child*, May 1974	69
Kroll, Cedric W., government actuary, Department of the Treasury, letter to Mr. Weinberg, dated May 21, 1974	85
Nevius, John A., Chairman, D.C. City Council, letter to Chairman Diggs, dated July 17, 1974	87
Section-by-section summary of a draft bill to amend the D.C. Teachers' Salary Act of 1955 to increase salaries, and for other purposes	15
Simons, William H., president, Washington Teachers' Union, letter to Subcommittee on Education, dated May 30, 1974	65
Washington, Hon. Walter E., D.C. Mayor-Commissioner, letters to:	
Chairman Diggs, dated October 2, 1974	10
Speaker of the House of Representatives, dated May 29, 1974	15
Weinberg, Donald H., Director of Personnel, D.C. Government, letter to Chairman Diggs, dated July 16, 1974	68

SUMMARY OF TESTIMONY

	Page
Amendments proposed by Council of School Officers	80
Collective bargaining	24, 57, 60, 63, 72
Comparable salaries	21, 39, 41, 60
Comparison with other cities	22, 80
Cost-of-living factor	20, 56
Cost of pay increases proposed	23, 52, 83
Cost of 10-percent pay increase	6
Cost of 13-percent pay increase	6
Current competitive salary position of District teachers with teachers in surrounding jurisdictions	5
D.C. government recommendation	25, 75
Draft of legislation (H.R. 15141)	4, 15
Effective date of pay increase	57, 63
Factors to consider	79
Federal contribution	59
Financing	9–10, 64
Fringe benefits	76, 77
Funding the pay increases	10, 64
Funding the retirement legislation	42–50, 58
H.R. 13970	24, 51, 71, 83
H.R. 15141	4, 15
Inadequacy of 13-percent pay increase	78
Justification of pay increase	7
Longer school days	82
National competitive position	5
Higher pay increase comparison with classified employees	23
Police and fire pay	56
Proposed pay increase	4
Questions to District of Columbia government and its answers	55, 88
Recommendation of board of education	61
Retirement annuities	84
Summary of pay raises, District of Columbia personnel (1949–1973)	35
Teacher availability	62
Teacher certificates	77
Teachers	59
Teachers' contract	56, 61
Teachers retirement system:	
General	30–32
Financing options	33, 42–50
Questions regarding same	55, 88
Teachers salaries (effective 1973)	36
Teachers Union bargaining	19
Teachers Union recommends 22-percent increase	81
Ten-percent pay increase	71
Working day	62

TEACHERS' PAY AND RETIREMENT

THURSDAY, MAY 30, 1974

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EDUCATION
OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The subcommittee met, pursuant to notice, at 1 p.m., in room 1310, Longworth House Office Building, the Honorable Ronald V. Dellums (chairman of the subcommittee) presiding.

Present: Representatives Dellums (presiding), and Broyhill.

Also present: Robert B. Washington, Jr., chief counsel; James T. Clark, legislative counsel; Ruby G. Martin, associate counsel; John Hogan, minority counsel; Joseph Clair, subcommittee counsel; and Leonard O. Hilder and Ralph Ulmer, professional staff.

Mr. DELLUMS. Good afternoon, ladies and gentlemen. Today the subcommittee will conduct hearings on H.R. 14400 and H.R. 14662, which are bills to increase the rate of compensation for the District of Columbia Teachers' Salary Act of 1955, and for other purposes.

We will also hear H.R. 13970, which is a bill to amend the act related to retirement and annuities for teachers in the District of Columbia to increase the annuities payable to retired teachers.

[The bills referred to follow:]

[H.R. 14662, 93d Cong., 2d sess., by Mr. Dellums, on May 7, 1974]

A BILL To authorize the District of Columbia Council to provide for an increase in compensation for teachers in the District of Columbia, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Teachers Salary Act of 1974".

SEC. 2. (a) The District of Columbia Council (hereinafter referred to as the "Council"), in accordance with section 406 of Reorganization Plan Numbered 3 of 1967, is authorized to adopt any enactment relating to the compensation and retirement matters of teachers in the District of Columbia, which prior to the date of enactment of this Act, were enacted by the Congress in the District of Columbia Teachers Salary Act of October 21, 1972.

(b) The Board of Education (hereinafter referred to as the "Board") shall on or before May 1, each year submit recommendations to the Commissioner of the District of Columbia with respect to the revision of the compensation schedule and any related matter dealing with compensation or retirement of teachers in the District of Columbia.

(c)(1) The Commissioner of the District of Columbia (hereinafter referred to as the "Commissioner") shall on or before July 1 of each year, submit his recommendations to the Council with respect to the revision of the compensation schedule, and any related matter dealing with compensation or retirement of teachers in the District of Columbia.

(2) The Council shall enact a comprehensive revision of the compensation schedules for teachers by July 1, 1974, which shall provide for increases in compensation of at least 13 per centum for each salary classification.

(3) Beginning with 1975, the Board of Education shall, by March 1 of each year' submit to the Commissioner the following:

(A) The percentage rate of the cost-of-living change since the effective date of the last revision of the compensation schedule adopted by the Council with respect to the teachers of the District of Columbia.

(B) The results of a study comparing compensation of teachers in the District of Columbia (A) teachers of comparable size (B) teachers of jurisdictions in the metropolitan area, and (C) a representative sample of similar occupations in private industry located in the metropolitan area.

(C) With respect to each class or member, the change in rate of compensation which would be required if cost of living and comparability factors were weighed equally.

The Commissioner shall submit the information submitted to him by the Board of the Council along with his recommendations with respect to compensation (and other related matters) of teachers of the District of Columbia.

SEC. 3. In order to provide for additional revenue to meet additional expenditures resulting from a compensation increase adopted by teachers, the Council, in accordance with section 406 of Reorganization Plan Numbered 3 of 1967, is authorized to change the rate of taxes imposed under:

(1) The District of Columbia Income and Franchise Act of 1947,
(2) The District of Columbia Sales Tax Act,
(3) The District of Columbia Use Tax Act,
(4) The District of Columbia Cigarette Tax Act,
(5) The District of Columbia Alcoholic Beverage Control Act,
(6) The Act of April 23, 1924 (relating to motor fuel tax),
(7) Title U of the District of Columbia Revenue Act of 1937, and
(8) Any other Act of Congress imposing a tax solely in the District of Columbia.

TITLE II

TEACHER CERTIFICATION

Each member of TSA-15 shall be issued a five-year teaching certificate. Renewals are dependent upon application and six or more hours of appropriate credit earned during the preceding five-year period. The Board of Education of the District of Columbia shall establish appropriate rules, regulations, and requirements to fully implement this title. The effective date is September 1, 1974.

TITLE III

ATTENDANCE AIDES

Section 103(1)(A)(3) of Public Law 92-518 is amended by deleting "(D) attendance officer or (E) child labor inspector". The above-cited class of employees shall meet the general requirements established under section 103 or the Act. There shall be established a category of employees designated "Attendance Aides" who shall meet requirements to be established by the Board in implementing this title.

[H.R. 14400, 93d Cong., 2d sess., by Mr. Fraser, on Apr. 25, 1974]

A BILL To authorize the District of Columbia Council to provide for an increase in compensation for teachers and others in the District of Columbia, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Teachers' Salary Act of 1974".

SEC. 2. (a) The District of Columbia Council is authorized to adopt any enactment relating to the compensation of educational personnel in the District of Columbia which prior to the date of enactment of this Act was enacted by the Congress in the District of Columbia Teachers' Salary Act of 1955.

(b) The Board of Education of the District of Columbia shall, on or before July 1, 1974, submit its recommendations to the Council with respect to the revision of the compensation schedule, effective September 1, 1974, and any related matter dealing with compensation of those persons paid under the Teachers' Salary Act of 1955.

(c) The Council shall enact by August 1, 1974, a comprehensive revision of the compensation schedules for persons whose pay is set by the Teachers' Salary Act of 1955, which shall provide for increases in compensation effective September 1, 1974, of at least thirteen percent above the current rate.

SEC. 4. In order to provide for additional revenue to meet additional expenditures resulting from a compensation increase adopted under this Act, the Council is authorized to change the rate of the taxes imposed under—

(1) the District of Columbia Income and Franchise Tax Act of 1947,
(2) the District of Columbia Sales Tax Act,
(3) the District of Columbia Use Tax Act,
(4) the District of Columbia Cigarette Tax Act,
(5) the District of Columbia Alcoholic Beverage Control Act,
(6) the Act of April 14, 1924 (relating to motor fuel tax),
(7) title V of the District of Columbia Revenue Act of 1937, and
(8) any other Act of Congress imposing a tax solely in the District of Columbia.

[H.R. 13970, 93d Cong., 2d sess., by Mr. Broyhill, on Apr. 4, 1974]

A BILL To amend the Act relating to retirement annuities for teachers in the District of Columbia to increase the annuity payable to retired teachers

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5 of the Act entitled "An Act for the retirement of public school teachers in the District of Columbia", approved August 7, 1946 (D.C. Code, sec 31–725) is amended by adding at the end thereof the following:

"(e)(1) Notwithstanding any other provision of this Act, other than this subsection, the monthly rate of annuity payable under this section shall not be less than the smallest primary insurance amount, including any cost-of-living increase added to that amount, authorized to be paid from time to time under title II of the Social Security Act.

"(2) Notwithstanding any other provision of this Act, other than this subsection, the monthly rate of annuity payable under this section to a surviving child shall not be less than the smallest primary insurance amount, including any cost-of-living increase added to that amount, authorized to be paid from time to time under title II of the Social Security Act, or three times such primary insurance amount divided by the number of surviving children entitled to an annuity, whichever is the lesser.

"(3) The provisions of this subsection shall not apply to an annuitant or to a survivor who is or becomes entitled to receive from the United States, or the District of Columbia, an annuity or retired pay under any other civilian or military retirement system, benefits under title II of the Social Security Act, a pension, veterans' compensation, or any other periodic payment of a similar nature, when the monthly rate thereof, is equal to or greater than the smallest primary insurance amount, including any cost-of-living increase added to that amount, authorized to be paid from time to time under title II of the Social Security Act.

"(4) An annuity payable from the teachers' retirement and annuity fund to a former teacher, which is based on a separation occurring prior to October 20, 1969, is increased by $240.

"(5) In lieu of any increase based on an increase under paragraph (4) of this subsection, an annuity payable from the teachers' retirement and annuity fund to the surviving spouse of a teacher or annuitant, which is based on a separation occurring prior to October 20, 1969, shall be increased by $132.

"(6) The monthly rate of an annuity resulting from an increase under paragraph (4) or (5) shall be considered as the monthly rate of annuity payable under subsection (a) for purposes of computing the minimum annuity under subsection (e).".

SEC. 2. This Act shall become effective on the date of enactment. Annuity increases under this Act shall apply to annuities which commence before, on, or after the date of enactment of this Act, but no increase in annuity shall be paid for any period prior to the first day of the first month which begins on or after the ninetieth day after the date of enactment of this Act, or the date on which the annuity commences, whichever is later.

Mr. DELLUMS. I would like to state to the subcommittee, in the near future there will be hearings on a bill to create a university for the District of Columbia. Those wishing to submit statements for the record should contact Leonard Hilder or Mrs. Martin, associate counsel, District of Columbia.

We will call our first witness, the Honorable Walter E. Washington.

STATEMENT OF HON. WALTER E. WASHINGTON, MAYOR-COMMISSIONER OF THE DISTRICT OF COLUMBIA; ACCOMPANIED BY DONALD H. WEINBERG, DIRECTOR OF PERSONNEL, AND COMER S. COPPIE, SPECIAL ASSISTANT FOR BUDGET AND FINANCIAL MANAGEMENT

Mayor WASHINGTON. I have with me Donald H. Weinberg, Director of Personnel, and Mr. Coppie, who will be able to deal with the details of the bill. With your permission I will proceed.

Mr. Chairman and members of the committee, I appreciate this opportunity to appear in support of the draft bill submitted by the government of the District of Columbia to increase the salaries of District of Columbia teachers and school officers.

DRAFT OF LEGISLATION

I would like to call the committee's attention to the fact that the city is proposing this draft legislation[1] at a time when the collective bargaining process is going on between the Board of Education and the Washington Teachers' Union. Presently, the Federal Mediation and Conciliation Service is attempting to reconcile the issues of a longer school day of 45 minutes and a proposed pay increase.

Ideally, the District government prefers to submit proposals for pay increases at the conclusion of the collective bargaining process and the Congress in the past has requested that the city and the unions reconcile their differences before coming to it.

However, we recognize the legitimate concern of this committee for District of Columbia teachers and school officers and their desire to receive fair and just compensation.

We appreciate the willingness of this committee to cooperate with us and the Board of Education by agreeing to postpone the hearing scheduled for May 22, 1974. Unfortunately, the postponement did not result in an agreement. So, we are in the posture we were in on May 22.

PROPOSED PAY INCREASE

Mr. Chairman, I will now discuss the question of the justified level of pay increase for District of Columbia teachers and school officers.

The District of Columbia government is proposing a 10-percent adjustment in the basic salaries for District of Columbia teachers and school officers. This proposal is based on two guides which have provided a consistent basis for sound wage administration in the past.

First, that the minimum salaries for District of Columbia public school teachers should be significantly higher than minimum salaries paid by school systems in the Washington metropolitan area and the maximum salaries for District public school teachers should be close to the highest paid in the area and the salaries for District school officers should be close to the highest salaries paid by school systems in the Washington metropolitan area.

Second, as a guide, that the salaries of District of Columbia school teachers and officers should be in a very favorable competitive posi-

[1] Subsequently introduced as H. R. 15141.

tion with those of the Nation's 29 largest cities, particularly those cities that are likely to recruit personnel from the same areas as the District, such as, Philadelphia, Pittsburgh, Baltimore, and New York.

Current Competitive Salary Position of District Teachers With Teachers in Surrounding Jurisdictions

In our opinion, a 10-percent increase in the salaries of District teachers and school officers recognizes both the changes which are currently taking place in school systems in the surrounding jurisdictions, as well as the need of maintain the integrity of the 5-percent increase provided for teachers and school officers in September 1972.

We have been able to hold our salary advantage in comparison to salaries paid beginning teachers by the six school systems in the surrounding jurisdictions even though the 1973–74 school year will be the 13th consecutive year that most or all of the systems have increased teachers' salaries.

The adjustment we are proposing will provide District of Columbia teachers and school officers with levels of compensation that are appropriate and fair and assure that they retain the competitive salary advantage in the 1974–75 school year which they now enjoy.

We have been advised that salary adjustments are contemplated locally ranging from 4.9 percent in Fairfax County, Va., to a high of 10 percent in Arlington.

If these increases are placed into effect as proposed, our salary advantage in several of these jurisdictions would drop to less than $100. Therefore, the 10-percent adjustment would move the District's starting salary for a bachelor degree teacher to $9,650 and thereby maintain the desired advantage we believe necessary to recruit quality teacher graduates.

By enactment of a 10-percent increase, District teachers would retain their position in first place locally and the minimum salaries for District of Columbia public school teachers would be significantly higher than minimum salaries paid by school systems in the Washington Metropolitan area.

National Competitive Position

With regard to the national competitive position, the District's policy concerning its competitive position with the Nation's 29 largest cities provides that we should be at or near the highest in comparison to minimum salaries paid to teachers with a bachelor's degree.

Currently, the District is the fifth place in comparison with these large urban school systems exceeded by New York, Philadelphia, and Chicago. If salaries are adjusted by 10 percent, the District would be ranked second nationally, exceeded only by Chicago paying $10,000. The proposal of a minimum of 13 percent would not give the District any better competitive advantage.

Mr. Weinberg, the director of the District of Columbia Personnel Office, will provide an analysis of our local and national competitive positions in chart form, if you so desire.

34-522—74——2

COST OF 10 PERCENT PAY INCREASE

We estimate the 10-percent adjustment, effective January 1, 1975, will cost approximately $6.6 million. The District Government can fund such an increase within the fiscal year 1975 financial plan.

What we have done in our financial plan throughout a series of hearings by this committee and the Senate committee—and I think the school board and teachers at that time had a legitimate concern because in most cases our salary increases coming after negotiations were left to funding by taxation and it appeared that this condition always left the teachers and police and firemen in a rather unfortunate position in the sense that the tax was related to their increase.

What we did this time within the resources available to us, was to create a reserve so that in anticipation of the increases that we deemed would come down the line—of course, you cannot anticipate certain accelerations in the cost of living, but we did make that very honest try to make that provision and that is what I am speaking of when I say that it is within the 1975 financial plan.

We tried to put it into the appropriations process so that they would indeed be treated as other employees in the Government and not have that taxation factor facing us. I hope that that is the situation still.

COST OF 13 PERCENT PAY INCREASE

We estimate the cost of a 13 percent salary increase proposed in H.R. 14400 and H.R. 14662 to be approximately $14.3 million. This cannot be funded within the fiscal year 1975 financial plan.

I believe that the future is much brighter concerning the place for public education in this city and I look forward to the continued close relationship with the board of education and the superintendent as well as the teachers who continue to diligently strive to make our educational system the best urban school system in the country.

I will go on believing that we still, hopefully, can reconcile matters that are before the board and the teachers' union. Parenthetically, also, Mr. Chairman, I would point out that the District government is in a rather precarious situation in the sense that the board and the teachers' union are principals in the negotiations and we are kind of sitting there waiting to finance what they come up with and not actually parties in this, but the fact that the committee wishes to move forward, we are presenting to you our views, although we are not a part of the specific negotiations, except to the extent that we are invited to participate.

I think, Mr. Chairman, from my previous statement, I have tried to set the matter in its partial context, and thank you for the opportunity to make this statement.

Mr. Weinberg and Mr. Coppie, the special assistant for budget and financial management, have statements and are available to answer your questions.

Mr. DELLUMS. I thank you for your remarks, Mr. Mayor. I have a call and we will take 5 minutes to answer a rollcall and return and proceed without any objection.

[Brief recess.]

Mr. DELLUMS. I thank you for your patience, and Mr. Weinberg may proceed.

Mayor WASHINGTON. Do you have any questions for me?

Mr. DELLUMS. You have to leave at this point?

Mayor WASHINGTON. Whatever you suggest.

Mr. DELLUMS. In the event you have to leave, I will ask a few questions.

JUSTIFICATION FOR PAY INCREASE

We base our questions on a report we received entitled, "Statement of Purpose and Justification for Increasing Salaries of D.C. Teachers and School Officers."

On page 9 of your report you state the following:

> We believe that if the integrity of collective bargaining is to be preserved, the longer school day must be negotiated in consideration of any further adjustment in the salary levels for teachers and that the issue must not be taken out of the context by enactment of legislation which would only consider pay.

By this, you are not suggesting that the Congress become involved in the contract negotiations, so my question is, are you suggesting that the Congress hold this matter in abeyance until contract negotiations are complete?

Mayor WASHINGTON. We are here in that middle position with the negotiations going on, and we feel that on both sides the teachers and the administration board that they have been in negotiation for a good period of time, and we felt that perhaps that item or those items should be resolved in negotiation.

On the other hand, we, with one other understanding, and that is that Congress is the ultimate consideration in these matters and what we want to do and what our position is, basically, that there is an agreement and that we can move a bill forward in the interests of the teachers and the officers.

You must understand where we are and that is that we hope they could reconcile the differences so that our responsibility to move the legislation would be intact and we could move together and that is where we come out and move together in the interests of all parties and I think that is where we are.

Mr. DELLUMS. Thank you. On page 11 of the same report, you state that the District government cannot place itself in a position concerning salary adjustments which would commit it to a cost of living or to program, depending on which system equates more favorably with the employees and provide higher increases in any particular year. By system, I assume you mean the school systems in this area?

Mayor WASHINGTON. That is correct.

Mr. DELLUMS. Then would you support the cost-of-living increases comparability with Government, since there is no question that Federal salary levels have a direct impact on the cost of living in those areas?

Mr. WEINBERG. First of all, with your permission, the basis for this is based on the surveys done by Bureau of Labor Statistics Department called a professional administration technical survey.

The General Accounting Office has increased the amount. It is based on comparable levels for key jobs found in the private sector.

Placing any system in either use, purely cost of living or comparability in the long run does a disservice to the employees. Increases for teachers has, since 1966, totaled 53.1 percent.

Similar pay increases for classified jobs have increased 41 percent, so there is a 14-percent difference in favor of the teachers. During the period of the early 1960's, the cost of living was moving at a 3 or 4 percent rate, yet the salaries for teachers were moving at a rate of 10 to 15 percent. Had we used cost of living at that time, we would have been out of the market as far as our competitive positions are concerned.

That does not give any kind of rationale. The Mayor indicated in his statement we have two positions now, the comparability with local jurisdictions and comparability with 29 large cities.

We are also picking up any adjustments that could have been made in cost of living or in using their methods. It might be with the Standard Industrial Code.

We think one or the other just won't provide the necessary system needed to have a rational basis of wage administration.

Mayor WASHINGTON. I think the undergirding point there that Mr. Weinberg makes in the analysis is that the system we have used has been a favorable one to the teachers. That does not preclude another system, but experience over that period of time has demonstrated this.

SALARIES IN SURROUNDING AREAS

Mr. DELLUMS. My third question; in your testimony, you suggest that the District should have the highest starting salaries of any other school in this area. According to your data, 1974 and 1975, starting teachers salaries for Fairfax and Alexandria are not known.

Is is likely that your proposed 10-percent increase or the increases for one or both of these systems would place them ahead of the District, as far as you know?

Mayor WASHINGTON. I had some reference to that in terms of what we knew at this time to be the proposals in those jurisdictions.

Mr. DELLUMS. This is where you talk about the potential average in the area?

Mayor WASHINGTON. That is right.

Ms. MARTIN. In your testimony, you say that the salary—on page 3 of your testimony—you said in Arlington there is a possibility of a high of 10 percent.

Going back to the black book, you said has the report in it, the Arlington salaries for 1973 and 1974 is $8,217.

I agree with your basic premise that the teachers' starting salary has to be higher than the surrounding area, but wouldn't that Arlington salary be higher and isn't it possible that the Fairfax salaries would be higher than the 10 percent you are proposing for the District?

Mayor WASHINGTON. According to the analysis, I don't think so.

Mr. WEINBERG. Right now we have a competitive advantage of about $500. If Arlington salaries increase 10 percent, then there would be every likelihood—and that would be $9,555—that would then exceed the $8,770 that we now pay.

If we add the 10 percent of $9,650, we will see that we will then return to the competitive advantage of being approximately $600 beyond that of the next highest paying jurisdiction, which would be Arlington, $9,555.

It has been considered in our comparative data. We would point this out in the chart and, as you can see, we are showing the 1974–75 rates. Arlington, $9,555, the District, $8,770, and the proposal we

have meets the salary of having a salary advantage over the next highest school jurisdiction.

Without it, we would be ahead by only $100 of what the jurisdiction would pay in the area and that is not the kind of salary advantage we think we should have.

Ms. MARTIN. Do you know if $500 is competitive in terms of getting teachers?

Mr. WEINBERG. Several years ago we made a study of the colleage graduates in education. We asked a number of questions. It might have been some kind of a negative question. We said, "Where would you like least to teach?" They said, "The District of Columbia," and then we asked why.

After we found out what the priorities were, the salary was about fourth on the list and we asked what salary they wanted and they indicated, at that time, that anywhere between $500 and $700 they felt was a salary advantage.

It does not pick up some of the costs of transportation and other things that the District does not provide. We have been competitive and we are competitive nationally.

We think that we are retaining good people and we believe that we have the ability to recruit and be selective.

Ms. MARTIN. Can I clarify one point? I want to be sure that I understand in your report that $9,555 that you have listed for Arlington under 1974–75, is that or is that not a correct figure?

Mr. WEINBERG. That is correct, according to our discussions with Arlington.

Ms. MARTIN. Does that include the anticipated 10 percent?

Mr. WEINBERG. Yes. Arlington pays currently $8,217.

Ms. MARTIN. This includes their anticipated 10-percent increase?

Mr. WEINBERG. Yes.

FINANCING

Mr. DELLUMS. Thank you. I might say I think in your opening remarks, you alluded to this and I would like to have it for the record in 1975 costs of these city's proposal, a 10-percent increase would be $6.6 million.

Is this money available in the 1975 budget request now pending before Congress? Is this amount specifically identified in that budget? Are there amounts specifically to pay both the proposed teacher and police and firemen's increases, and what would be the total in 1975 costs as you estimate at this point?

Mayor WASHINGTON. Mr. Coppie can give you a total, but I would like to speak to it in general terms first.

What we did in our 1975 plan, which is not before the two Appropriations Committees, was to create a reserve in anticipation of the pay increases coming down from the police and fire and teachers.

Whether or not that amount is a specific amount for each category, but it is a total amount for all three of them. It is in the budget, it is in the financial plan as a reserve.

We hope it stays that way in the appropriation area. The exact amount, Mr. Chairman, we can give you.

Mr. COPPIE. Mr. Chairman, one technical distinction I want to make as between the budget and the financial plan. As the Mayor pointed out, an amount has been reserved in our financial plan for 1975 and that amount is $21 million for projected salary increases for all District employees.

We have not specifically divided that between and among the various components. Not all the salary increases are known, but the city has proposed an increase for police and fire that will cost $11.5 million for 1975, and the city has proposed an increase in teachers' that will cost $6.6 million and we anticipate that there will be some absorbtion by the operating departments.

We believe that the reserve will be sufficient to sustain the total requirements being proposed by the city in 1975.

It is not in the budget. It is in the financial plan. Once the authorization takes place, we would propose that it be appropriated in a supplemental budget request for the 1975 fiscal year.

[Subsequently, the District Government submitted the following letter regarding funding and financial proposals for the District:]

DISTRICT OF COLUMBIA,
Washington, D.C., October 2, 1974.

Hon. CHARLES C. DIGGS, JR.,
Chairman, Committee on the District of Columbia, U.S. House of Representatives, Room 2208, Rayburn Building, Washington, D.C.

DEAR MR. CHAIRMAN: I wish to inform you of my proposals for meeting additional funding requirements for the District of Columbia Government for Fiscal Year 1975.

Approximately $31.7 million in additional General Fund resources will be needed. That amount includes the added costs associated with the salary increases for city police officers, firemen, and teachers authorized by Public Law 93-487. The remainder of the 1975 requirement is primarily the result of unanticipated supplemental spending needs and reduced resources from local collections. The best recent financial plan for 1975 is attached for your review.

I am proposing that the additional funding be provided from three sources: (1) the Federal payment; (2) surplus revenues in two special funds; and (3) savings from limitations on expenditures by District agencies.

The 1975 Appropriations Act for the District (P. L. 93-405) appropriated $221.2 million of the $230 million Federal payment authorized for the current fiscal year. Appropriation of the remaining $8.6 million will be requested as part of the District Government's supplemental budget request for Fiscal Year 1975.

About $4.9 million can be made available to meet Central Fund requirements from the estimated surplus in two special funds, the Highway Fund and the Sanitary Sewage Works Fund. I plan to submit to the City Council legislation to authorize the use of those funds. Such legislation will fall within the authority of the elected City Council that will take office January 2, 1975.

The balance of the 1975 financing requirement will be made available from savings resulting from a strict program of limitations on hiring, promotions, paid overtime, and expenditures for almost all supplies, services, and equipment. Established by Commissioner's Order 74-202, that program is expected to yield $18 million in savings. Improvements in productivity will be emphasized to help ensure that adequate levels of service delivery will be maintained while the spending restrictions are in force. The overall program goals reflected in the 1975 Appropriations Act will continue to be supported during the fiscal year.

The expenditure limitations have been imposed in addition to the requirement that District agencies absorb an average of 30 percent of the cost of employee pay raises for Fiscal Year 1975.

These financing proposals meet the requirements of Section 461 of Public Law 93-407. That provision requires that the real property tax rate for 1975 be set at the level needed to produce revenues of at least $146 million unless a reduction below that amount is offset by additional revenues from increases in other local taxes or by added resources provided through reprogrammings or reallocations. I have recommended that the tax rate remain at $3.32 per $100 of assessed valuation, a level that will yield an estimated $132 million in revenues with all real property assessed at 55 percent of market value. The difference in revenues will be more than offset by the funding proposals I have described here.

I believe these additional financing proposals represent a responsible and workable approach to meeting the District's requirements during Fiscal Year 1975.

Sincerely yours,

WALTER E. WASHINGTON,
Mayor-Commissioner.

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
ADMINISTRATIVE ISSUANCE SYSTEM,

October 2, 1974.

COMMISSIONER'S ORDER 74-202

Subject: Limitations on Personnel and Other Obligations
Originating agency: Office of Budget and Financial Management

By virtue of the authority vested in me by Reorganization Plan No. 3 of 1967, it is hereby ordered that:

I. *Purpose.* This Order imposes limitations on personnel and selected other obligations as a means of ensuring the financial integrity of the District of Columbia Government during the fiscal year ending June 30, 1975. Unanticipated funding requirements for the current year and a reduction in expected resources from the Federal payment and local collections have resulted in the need for additional funding availability. The expenditure limitations and controls imposed by this Order will provide additional resources while maintaining the orderly delivery of public services.

II. *Imposition of Limitations.* The following limitations do not apply to employee within grade salary increases or to employee pay increases authorized by law.

Limitations are hereby imposed on the following expenditure categories.

A. *Personnel Appointments.* No appointment, including movement of employees between District agencies, shall be made to a permanent or temporary position paid in whole or in part from appropriated funds, including general revenue sharing funds, until further notice. Promotions to a vacant position at a higher grade are also prohibited.

Employees may be reassigned within an agency at the same grade level. Employees serving on temporary appointment against authorized permanent positions may be converted to permanent status provided that there is no increase in grade level.

Commitments to fill vacant positions shall be exempt from this restriction in those cases where a reporting date has been established on or before October 4, 1974.

B. *Position Classifications.* No action shall be taken to classify upward a permanent or temporary position paid in whole or in part from appropriated funds, until further notice. This prohibition does not apply to the upward classificationof a position when a competent classification appeal authority has determined that such an upward classification is warranted.

If the certification date on the classification action is October 4, 1974, or earlier, that action may be processed.

C. *Supplies, Materials, Equipment, and Consultant Services.* No additional obligations of appropriated funds shall be made for the purchase of any supplies, materials, or equipment items, for consultant services contracts, for space rental, or for employee training. The following purchases shall be exempt, provided that they can be funded within the funding limits imposed in accordance with Part IV of this Order.

(1) Indispensable purchases, namely: food, fuel, drugs and medical supplies

(2) Water purification and sewage pollution control materials and sanitary landfill materials

(3) Contract services necessary to accomplish present health and welfare program purposes

(4) Consultant services contracts such as architectural and engineering services funded from capital outlay appropriations.

Commitments to purchase supplies, materials, equipment and to enter into contracts for consultant services made prior to October 4, 1974, shall be exempt from the limitation.

D. *Travel.* No additional obligations shall be made for purposes of travel and transportation excluding travel funds for mandatory automobile allowances. Commitments for travel made prior to October 4, 1974, shall be exempt from the limitation.

E. *Overtime.* No additional obligations shall be made for purposes of paid overtime except for uniformed policemen, firemen, correctional officers, and employees within the various institutions of the Department of Human Resources.

III. *Requests for Exemptions.* To request an exemption from the obligation limitations imposed by this Order, the agency head shall make the request on the approved form to the Director of the Office of Budget and Financial Management. The request shall include: (a) a description of the circumstances necessitating the proposed exemption; (b) funding requirements related to the exemption; and (c) detailed budgetary information, including personnel and other data, associated with the exemption. Request forms may be obtained from the Office of Budget and Financial Management.

In reviewing requests for exemptions to personnel limitations, the Office of Budget and Financial Management will give special consideration to requests to place persons employed under the Public Employment Program into permanent positions.

The agencies and Departments shall make no obligations until the requested exemption is approved in writing by the Director of the Office of Budget and Financial Management. When emergency situations make it impossible to obtain prior approval for the exemption, full information shall be submitted to the Director of the Office of Budget and Financial Management as soon as possible after the obligations have been made in order for a disbursement to be allowed.

IV. *Implementation of Limitations.* To implement the expenditure limitations imposed by this Order, the Director of the Office of Budget and Financial Management shall make the necessary adjustments in the agency apportionments for fiscal year 1975. Upon being notified of the adjustments, each agency shall revise the appropriate financial reports, as requested by the Office of Budget and Financial Management. Each agency shall also provide requested data on vacant positions to the Office of Budget and Financial Management.

V. *Superseding of Prior Overtime Limitation.* The limitation on overtime imposed by Part II of this Order supersedes the limitation imposed by Commissioner's Order No. 74–1 of January 3, 1974.

VI. *Effective date.* This Order shall become effective October 4, 1974.

WALTER WASHINGTON,
Mayor-Commissioner.

DISTRICT OF COLUMBIA GOVERNMENT—PROJECTED CASH FLOW, FISCAL YEAR 1975

[In thousands of dollars]

	General fund	Highway fund	Water fund	Sanitary sewage works fund	Metropolitan area sanitary sewage works fund	Total all funds
OPERATING EXPENSES						
Estimated funds available:						
Opening cash balance	19,811	2,858	(1,316)	4,735	330	26,418
Revenues:						
Collections (unofficial)	549,190	34,145	14,370	16,190	100	613,995
Federal payment recommended	221,200	.....	3,200	2,400	.....	226,800
Revenue sharing (old availability)	3,500	.....	.....	.....	.....	3,500
Revenue sharing (new availability)	27,469	.....	.....	.....	.....	27,469
Total, estimated funds available	821,170	37,003	16,254	23,325	430	898,182
Estimated funds required:						
Opening accounts payable	106,968	2,483	2,079	1,166	.....	112,696
Budget recommended	799,487	35,330	15,922	17,789	197	868,725
Reserve for budget supplementals	4,500	300	100	100	.....	5,000
Reserve for fiscal year 1975 new pay raises [1]	40,319	1,611	855	1,178	30	43,993
Closing accounts payable	(98,431)	(3,724)	(1,688)	(1,906)	(22)	(105,771)
Total, estimated funds required	852,843	36,000	17,268	18,327	205	924,643
Estimated closing cash balance	(31,673)	1,003	(1,014)	4,998	225	(26,461)

[1] See the following information:

Police and fire (15 percent—July 1, 1974, less absorption of $400 agreed to by police department)	$18.1
Teachers (10 percent—Sept. 1, 1974, and 3 percent—Jan. 1, 1975, less 30-percent absorption)	9.7
Wage board (9 percent—Nov. 1, 1974, less 30-percent absorption)	3.4
General (5.6 percent—Oct. 1, 1974, less 30-percent absorption)	7.9
Other classes-various dates and percent less 30-percent absorption	1.3
Total	40.4

STATEMENT OF MAYOR WALTER E. WASHINGTON—OCTOBER 2, 1974

I have today transmitted to the City Council a financial plan to meet funding requirements for the city government for the balance of the 1975 Fiscal Year.

The plan calls for actions on three areas to provide a total of $31.7 million to meet our FY 1975 obligations. These actions will enable us to meet the District Government's commitment to the citizens of this city to keep local taxes at present levels while maintaining essential municipal services.

Under this financial plan all taxes would remain at current levels, including the real estate rate of $3.32 per $100 of assessed valuation.

The three part plan calls for the following actions:

1. A series of economy measures to save approximately $18 million in operating costs through the balance of the fiscal year are being put into immediate effect. An appeals mechanism is provided to insure the maintenance of vital services.

2. Surplus funds totaling $4.9 million from the Highway Fund and the Sanitary Sewage Works Fund will be shifted to the General Fund. Legislation will be needed to carry out this proposal.

3. A supplemental request will be sent to the Congress to appropriate the $8.8 million balance in the authorized annual Federal Payment for the current year.

These measures provide us with a responsible and workable approach to meet the city's funding requirements.

I am specifically exempting from purchase restrictions such indispensible items as food, fuel, drugs, water and sanitation supplies, health and welfare program contracts and capital outlay expenditures for architectural and engineer services.

I have also directed that the operations of the city's human resources institutions will be allowed to operate outside the limitations of the economy order to the extent necessary to maintain vital services.

Mr. DELLUMS. Thank you very much. That concludes my questions. I would like to recognize the presence of my distinguished colleague, Mr. Broyhill, who is not a member of the committee but has a bill, and we deeply appreciate his attendance.

Mr. BROYHILL. I would rather hear more of the testimony. I won't detain the Mayor. I am quite sure he will support it.

Mayor WASHINGTON. I won't support it before I know what it is.

Mr. BROYHILL. Let me ask one question. Mrs. Martin was asking some questions and it is my understanding, Mr. Mayor, that the proposal you are making—and I am looking at the chart—will bring the Washington teachers up to where they would be No. 1 with the other school systems within the metropolitan area?

Mayor WASHINGTON. Correct. Our proposal, even including as far as we know the proposals in other jurisdictions—and we know about two of them.

Mr. BROYHILL. And you are taking into consideration the proposed increases?

Mayor WASHINGTON. Yes, and we charted the existing salaries and proposals as we know them in the jurisdictions.

Mr. BROYHILL. And yours will be effective next January 1, and you would anticipate at that point the District of Columbia teachers would still be No. 1?

Mayor WASHINGTON. That is correct.

Mr. WEINBERG. With the exception that if Arlington goes into a new salary schedule in September, they might be ahead for a few months, but if our salary position is known, then, of course, as we recruit teachers, we know that we will be very competitive 4 months after the school year begins.

Mr. BROYHILL. I asked that question because I think the gentlemen will agree, but I don't think that we have much choice but to make sure that the pay structure for the District of Columbia school system is competitive with that of the suburbs and I would imagine you would have to keep it a little better insofar as the starting salary is con-

cerned, because if it is not attractive you are not going to get the quality of teachers you want.

Mayor WASHINGTON. We agree with that proposition. As you know, Mr. Broyhill, there is an up and down within that period within any given year. We won't know what they are going to do. What we have tried to do is project our situation in such a way as would be most favorably in the matter.

Mr. BROYHILL. Which comes first, the chicken or the egg? Maybe it would be impossible to get out front and stay out front. We have been so late in coming around to considering these adjustments from time to time and we might cause a lot of unnecessary anguish in the teaching profession.

You have heard me say this many times and I know you have many problems and as Mr. Rees pointed out this morning, the real property tax structure in the District of Columbia—but, I feel once you have taxed that resident and that business and incomes in the District of Columbia comparable with what they are paying in surrounding areas, we are still going to have to pay the salaries, provide the schoolteachers, police, and firemen and at that point, I would not be hesitant in coming back and asking for Federal payment.

Mayor WASHINGTON. I don't know whether you were here when I pointed out that what we did this time—and you will remember what we did this time—and you will remember the testimony last year where police, firemen, and teachers came at the end and we had to impose two or three small taxes in order to pay for it. This year, we put it in the financial plan and, as best we could, anticipated it at the time.

The last pay increase, the 5-percent increase went in for teachers in 1973. Of course, in the last 13 years, there has been a consecutive month-by-month change, but we believe this would put our teachers in a competitive position.

I couldn't agree more. I think this is one of the highest priorities we have and you have got to be competitive to get quality teachers.

We believe that this bill puts us in that position, and it should be a good competitive position because they are performing what I believe is one of the most basic services to a community that we have.

I don't think that we have any disagreements in terms of trying to get the best for teachers. I cannot see any disagreements there and I think members of the committee and our office certainly agree on this proposition.

Mr. BROYHILL. Mr. Mayor, I appreciate what you have said and I recognize your problem and the fiscal responsibility that you have trying to keep all your proposals within reasonable boundaries, and that is why I mentioned the overlying obligation of the Federal payment.

I don't think you can compromise on the problem we are talking about now.

Mayor WASHINGTON. That is why we did not go to taxation. We have no tax proposal before us. We were hopeful that in all three categories, with the money we had within the reserve and financial plan that we would be in the range and we had to establish that as we took our budget and financial plan forward and in order to relieve

what I thought was harmless to have the teachers and policemen and firemen related to a tax every year so we tried to avoid that.

Mr. DELLUMS. May I ask one additional question on that? With respect to the question if we went to the 13 percent proposed that you indicate would go as high as $14.3 million.

Mayor WASHINGTON. On the provisions of that bill, there are different time frames.

Mr. DELLUMS. Can you tell me what options would you be forced to consider in that situation? You mentioned that you have approximately $21 million in reserve. Obviously, a larger increase than the one you proposed when you covered it with the $11.5 for the police and firemen, that it would go beyond the $21 million that you have. Would this require you to come in for a supplement?

Mayor WASHINGTON. I would suspect so and, as Mr. Coppie pointed out, we don't know the figure and, of course, this matter is before you now.

There are other employees that have to come in and negotiate and I don't want to leave the impression that it is because of the teachers, because we have tried to dispell that, but the impact of all of the increases we don't know where we are coming out with the fire and police.

We don't, but we have made some proposals. We don't know what else we will have, but we have that reserve, I think it obvious that there is a tax option.

I want to be clear that it does not fall solely on the teachers and that is really what I was trying to get at.

Mr. DELLUMS. I think that point has been made very clearly.

H.R. 15141

[The Mayor-Commissioner's draft of proposed pay legislation and summary thereof follows:]

THE DISTRICT OF COLUMBIA,
Washington, D.C., May 29, 1974.

Hon. SPEAKER
U.S. House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: The Government of the District of Columbia has the honor to submit a draft bill, "To amend the District of Columbia Teachers' Salary Act of 1955, and for other purposes."

The proposed bill would provide an increase of ten percent in the salaries of teachers and other educational employees in the District of Columbia whose salaries are covered by the District of Columbia Teachers' Salary Act of 1955, as amended, effective with the first pay period beginning on or after January 1, 1975.

The District Government believes that favorable action on this legislation is desirable in order to provide adequate compensation for teachers and other educational employees in the District of Columbia, and, for the reasons stated in the attached material, we urge early and favorable consideration of this draft bill by the Congress.

Sincerely yours,

WALTER E. WASHINGTON,
Mayor-Commissioner.

SECTION-BY-SECTION SUMMARY OF A DRAFT BILL TO AMEND THE D.C. TEACHERS' SALARY ACT OF 1955 TO INCREASE SALARIES, AND FOR OTHER PURPOSES

Section 1. Provides that the bill may be cited as the "District of Columbia Teachers' Salary Act Amendments of 1974".

Section 2. Amends the salary schedule for teachers and other public school educational employees covered by the Act to provide a ten percent increase, but continues the current limitations on (1) the class 1A salary rate so that it will not exceed the basic pay of level III of the Executive Schedule, and (2) on all other salary classes so that such rates of pay will not exceed that in effect for level V of the Executive Schedule.

Section 3. Amends the salary schedules for summer and evening school teachers and employees by increasing the pay rates by ten percent.

Section 4. Provides that the effective date of the amendments contained in the bill shall be the first day of the first pay period beginning on or after Janaury 1, 1975.

[Introduced as H.R. 15141 on May 30, 1974, by Mr. Diggs]

A BILL To amend the District of Columbia Teachers' Salary Act of 1955 to increase salaries, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "District of Columbia Teachers' Salary Act Amendments of 1974".

SEC. 2. Section 1 of the District of Columbia Teachers' Salary Act of 1955 (D.C. Code, sec. 31-1501) is amended to read as follows:

"Section 1. (a) The following is the salary schedule for teachers, school officers, and certain other employees of the Board of Education under this Act:

TEACHERS AND SCHOOL OFFICERS SALARY SCHEDULE

"Salary class and group	Service step — 1	2	3	4	5	6	7	8	9	10	11	12	13	Longevity step Y
Class 1A	45,500													
Class 1B	40,000													
Class 2A	38,000													
Class 2B	36,000													
Class 3	27,390	28,040	28,690	29,340	29,990	30,640	31,290	31,940	32,590					
Class 4	24,050	24,620	25,190	25,760	26,330	26,900	27,470	28,040	28,620					
Class 5:														
Group B, master's degree	22,750	23,290	23,830	24,370	24,910	25,450	25,990	26,530	27,070					
Group C, master's degree +30	23,235	23,775	24,315	24,855	25,395	25,935	26,475	27,015	27,555					
Group D, doctor's	23,715	24,255	24,795	25,335	25,875	26,415	26,955	27,495	28,035					
Class 6:														
Group B, master's degree	21,740	22,255	22,770	23,285	23,800	24,315	24,830	25,345	25,860					
Level IV principal	21,740	22,255	22,770	23,285	23,800	24,315	24,830	25,345	25,860					
Level III principal	21,100	21,615	22,130	22,645	23,160	23,675	24,190	24,705	25,220					
Level II principal	20,465	20,980	21,495	22,010	22,525	23,040	23,555	24,070	24,585					
Level I principal	19,830	20,345	20,860	21,375	21,890	22,405	22,920	23,435	23,950					
Group C, master's degree +30	22,160	22,675	23,190	23,705	24,220	24,735	25,250	25,765	26,280					
Level IV principal	22,160	22,675	23,190	23,705	24,220	24,735	25,250	25,765	26,280					
Level III principal	21,520	22,035	22,550	23,065	23,580	24,095	24,610	25,125	25,640					
Level II principal	20,885	21,400	21,915	22,430	22,945	23,460	23,975	24,490	25,005					
Level I principal	20,250	20,765	21,280	21,795	22,310	22,825	23,340	23,855	24,370					
Group D, doctor's degree	22,575	23,090	23,605	24,120	24,635	25,150	25,665	26,180	26,695					
Level IV principal	22,575	23,090	23,605	24,120	24,635	25,150	25,665	26,180	26,695					
Level III principal	21,935	22,450	22,965	23,480	23,995	24,510	25,025	25,540	26,055					
Level II principal	21,300	21,815	22,330	22,845	23,360	23,875	24,390	24,905	25,420					
Level I principal	20,665	21,180	21,695	22,210	22,725	23,240	23,755	24,270	24,785					
Class 7:														
Group B, master's degree	20,000	20,475	20,950	21,425	21,900	22,375	22,850	23,325	23,800					
Group C, master's degree +30	20,485	20,960	21,435	21,910	22,385	22,860	23,335	23,810	24,285					
Group D, doctor's	20,965	21,440	21,915	22,390	22,865	23,340	23,815	24,290	24,765					
Class 8:														
Group B, master's degree	18,395	18,555	19,315	19,775	20,235	20,695	21,155	21,615	22,075					
Group C, master's degree +30	18,880	19,040	19,500	19,960	20,420	20,880	21,340	21,800	22,260					
Group D, doctor's	19,360	19,520	19,980	20,440	20,900	21,360	21,820	22,280	22,740					
Class 9:														
Group B, master's degree	17,960	18,410	18,860	19,310	19,760	20,210	20,660	21,110	21,560					
Group C, master's degree +30	18,445	18,895	19,345	19,795	20,245	20,695	21,145	21,595	22,045					
Group D, doctor's	18,925	19,375	19,825	20,275	20,725	21,175	21,625	22,075	22,525					
Class 10:														
Group B, master's degree	17,385	17,820	18,255	18,690	19,125	19,560	19,995	20,430	20,865					
Group C, master's degree + 30	17,870	18,305	18,740	19,175	19,610	20,045	20,480	20,915	21,350					
Group D, doctor's	18,350	18,785	19,220	19,655	20,090	20,525	20,960	21,395	21,830					

TEACHERS AND SCHOOL OFFICERS SALARY SCHEDULE—Continued

"Salary class and group	Service step—													Longevity step Y
	1	2	3	4	5	6	7	8	9	10	11	12	13	
Class 11:														
Group B, master's degree	16,815	17,235	17,655	18,075	18,495	18,915	19,335	19,755	20,175					
Group C, master's degree + 30	17,300	17,720	18,140	18,560	18,980	19,400	19,820	20,240	20,660					
Group D, doctor's	17,780	18,200	18,620	19,040	19,460	19,880	20,300	20,720	21,140					
Class 12:														
Group B, master's degree	16,240	16,645	17,050	17,455	17,860	18,265	18,670	19,075	19,480					
Group C, master's degree + 30	16,720	17,125	17,530	17,935	18,340	18,745	19,150	19,555	19,960					
Group D, doctor's	17,205	17,610	18,015	18,420	18,825	19,230	19,635	20,040	20,445					
Class 13:														
Group B, master's degree	14,920	15,405	15,890	16,375	16,860	17,345	17,830	18,315	18,800					
Group C, master's degree + 30	15,405	15,890	16,375	16,860	17,345	17,830	18,315	18,800	19,285					
Group D, doctor's	15,885	16,370	16,855	17,340	17,825	18,310	18,795	19,280	19,765					
Class 14:														
Group A, bachelor's degree	11,415	11,920	12,425	12,930	13,435	13,940	14,445	14,950	15,455	15,960	16,465	16,970	17,475	
Group B, master's degree	12,375	12,880	13,385	13,890	14,395	14,900	15,405	15,910	16,415	16,920	17,425	17,930	18,435	
Group C, master's degree + 30	12,865	13,370	13,875	14,380	14,885	15,390	15,895	16,400	16,905	17,410	17,915	18,420	18,925	
Group D, doctor's	13,345	13,850	14,355	14,860	15,365	15,870	16,375	16,880	17,385	17,890	18,395	18,900	19,405	
Class 15:														
Group A, bachelor's degree	9,650	10,035	10,420	10,810	11,195	11,580	12,065	12,550	13,035	13,520	14,005	14,490	14,975	16,130
Group A-1 bachelor's degree + 15	10,130	10,515	10,900	11,290	11,675	12,060	12,550	13,035	13,520	14,005	14,490	14,975	15,460	17,095
Group B, master's degree	10,615	11,100	11,585	12,070	12,555	13,040	13,640	14,240	14,845	15,445	16,045	16,645	17,245	18,825
Group C, master's degree + 30	11,100	11,585	12,070	12,555	13,040	13,525	14,125	14,730	15,330	15,930	16,530	17,130	17,730	19,320
Group D, master's degree + 60 or doctor's	11,585	12,070	12,555	13,040	13,525	14,010	14,615	15,215	15,815	16,415	17,015	17,615	18,215	19,950**

23

18

"(b) Notwithstanding the rates of compensation in the salary schedule in subsection (a) of this section, no employee in salary class 1A of such salary schedule may be paid at a rate of compensation in excess of the rate of basic pay in effect for level III of the Executive Schedule contained in subchapter II of chapter 53 of title 5, United States Code; and no other employee in any other salary class of such salary schedule may be paid at a rate of compensation in excess of the rate of basic pay in effect for level V of such Executive Schedule."

SEC. 3. The schedule of pay rates contained in subsection (a) of section 13 of the District of Columbia Teachers' Salary Act of 1955 (D.C. Code, sec. 31-1542(a)) is amended to read as follows:

Classification	Per period		
	Step 1	Step 2	Step 3
Summer school (regular):			
Teachers, elementary and secondary schools; counselor, elementary and secondary schools; librarian, elementary and secondary schools; school social worker; speech correctionist, school psychologist	$8.53	$9.67	$10.90
Psychiatric social worker	9.81	11.12	12.54
Veterans' summer school centers: Teacher	8.53	9.67	10.90
Adult education schools:			
Teacher	9.38	10.64	11.99
Assistant principal	13.13	14.90	16.79
Principal	14.54	16.49	18.59

SEC. 4. The amendments made by this Act shall become effective on the first day of the first pay period beginning on or after January 1, 1975.

STATEMENT OF DONALD H. WEINBERG, DIRECTOR OF PERSONNEL, DISTRICT OF COLUMBIA GOVERNMENT

Mr. WEINBERG. Mr. Chairman and members of the committee, I appreciate the opportunity to appear before this committee with Mayor Washington to add the technical details concerning the District's proposal to increase the salaries of teachers and school officers by 10 percent and to discuss other legislation dealing with teachers' retirement systems.

Mayor WASHINGTON. I want you to know that I am prepared to assist in this matter at all times.

Mr. WEINBERG. Thank you, Mr. Mayor.

TEACHERS' UNION BARGAINING

In the Mayor's statement, he indicated that the salary considerations for District of Columbia teachers were issues in the collective bargaining process currently taking place between the Board of Education and the Washington Teachers' Union.

The question of the longer school day, which is the bilateral issue or quid pro quo for the adjustment in the salary schedule should not be viewed with concern, but is the product of mature labor relations. This is the normal give and take of collective bargaining and provides the forum where the two sides can achieve objectives which are important for both.

As the District moves toward Home Rule, the Congress should not regard the process as either disruptive or nonproductive but should consider that the alternative is more drastic where employees have little chance to express their concerns as to the conditions of employment.

The time it takes to conclude a significant collective-bargaining agreement is short in terms of the stability achieved over the life of that agreement.

Therefore, the future role that collective bargaining will play in establishing salary levels and providing for conditions of employment will become more important.

The current program of the District government which provides for the arsenal of third party procedures holds great promise that increased bargaining can be accomplished peacefully. The advantages of collective bargaining is that the end product is the result of the voluntary agreement of the parties and the parties enjoy the fruits of a mutual collective agreement.

The Mayor has outlined the salary policy which the District government uses to set pay for its teachers and school officers, and my role will be to amplify this salary policy by indicating graphically our salary position with regard to the comparison with local jurisdictions as well as our competitive position with the Nation's 29 largest cities.

COST OF LIVING FACTOR

The question that is frequently asked during a period of high inflation is why shouldn't salary levels be established in accordance with changes in the cost of living?

We believe that the relationship with the one economic factor places the District government in a position where it would ignore comparable salaries being paid locally as well as nationally for teachers.

The District government would be forced to limit its adjustments for teachers and school officers in a period where living costs might decelerate but where the labor market may show considerable shortage for such talent.

This is not remote, since during the period of the 1960's, when living costs were increasing at a rate of only 3 to 4 percent, the labor market for teachers was extremely tight and salary levels for teachers in the market place were increasing at 10 to 15 percent to keep pace with the needs. In the latter part of the 1960's, this same situation applied to policemen and firemen to satisfy "law and order" priorities.

Therefore, to only use one indicator would produce unrealistic conclusions, one contradictory to the other. We believe that we can neither accept one proposal nor wholly ignore the other.

In a sense, our salary policy allows us to consider the impact of cost of living on those salary levels where school systems have used that as a basis for adjusting their salaries. It also considers the salary levels which are established by comparisons to the Standard Industrial Code or to the average of salaries paid by the local school jurisdictions or considers those salaries based on the highest paying local school system or are adjusted as a direct result of collective bargaining.

In fact, Mr. Chairman, a survey conducted by my office of the Nation's 29 largest urban school systems found that the most commonly used methods to establish or adjust salary rates for teachers, are in order of highest response—first, negotiated agreements; second,

pay comparability with like jobs in local area school systems; and third, pay comparability with like jobs in school systems of similar size on a nationwide basis.

CHART 1

COMPARISON OF MINIMUM AND MAXIMUM SALARIES PAID TEACHERS WITH BACHELORS AND MASTERS DEGREES BY 7 LOCAL SCHOOL SYSTEMS IN THE WASHINGTON METROPOLITAN AREA

	B.A. salary range				M.A. salary range			
	Minimum	Rank	Maximum	Rank	Minimum	Rank	Maximum	Rank
1973–74								
Alexandria	$8,285	2	$14,913	2	$9,528	4	$17,564	1
Arlington	8,217	3	15,551	1	9,598	3	16,795	3
Fairfax	7,900	7	14,121	3	8,300	7	17,522	2
Falls Church	8,100	5	10,935	7	8,991	6	16,200	5
Montgomery	8,101	4	11,017	6	9,073	5	16,445	4
Prince Georges	8,090	6	14,059	4	9,696	1	16,160	6
Washington, D.C.	8,770	1	13,615	5	9,650	2	15,675	7
Except District of Columbia:								
Median	8,100	.....	14,090	.....	9,300	.....	16,620	.....
Mean	8,114	.....	13,433	.....	9,198	.....	16,781	.....
1974–75								
Alexandria [1]	8,285	6	14,913	3	9,528	6	17,564	4
Arlington	9,055	1	14,189	4	10,577	1	18,508	2
Fairfax	(2)	.....	14,954	2	(2)	.....	18,556	1
Falls Church	8,600	5	11,610	7	9,546	5	17,200	5
Montgomery County	8,668	3	11,788	6	9,708	3	17,596	3
Prince Georges County	8,646	4	15,044	1	10,375	2	16,773	6
Washington, D.C. (present)	8,770	2	13,615	5	9,650	4	15,675	7
Washington, D.C. (proposed)	9,650	1	14,975	2	10,615	1	17,245	5

[1] 1973–74 rates; 1974–75 rates presently unavailable.
[2] Minimum rates not as yet approved.

Source: 1973–74 salary survey data compiled by District of Columbia Personnel Office, Compensation and Research Division.

Before you on the easel is chart No. 1, which depicts our competitive position locally for the school years 1973–74 and 1974–75.

Before referring to these charts, I would like to indicate that the salary level of $8,770 currently places the District in first place by $485 above the next highest paying jurisdiction, which is Alexandria. Chart No. 2 indicates that in the 1974–75 school year there is a range of increases of 5.9 percent in Fairfax County to a high of 10 percent in Arlington.

The new rate of $9,055 per annum for the beginning salary of Arlington schoolteachers would exceed that of the District, placing us in second place locally if there were not adjustments, but more important, the District would only exceed the next several jurisdictions by slightly over $100.

The proposed 10 percent of $9,650 preserves the competitive relationship District teachers now enjoy. An adjustment beyond 10 percent has no valid basis for consideration.

Chart No. 3 shows the comparision of the District with the Nation's 29 largest cities:

CHART 3

COMPARISON OF MINIMUM AND MAXIMUM SALARIES PAID TEACHERS WITH B.A. AND M.A. DEGREES IN THE 29 LARGEST CITIES IN THE UNITED STATES

School system	B.A. salary rank				M.A. salary rank			
	Minimum	Rank	Maximum	Rank	Minimum	Rank	Maximum	Rank
Atlanta [1 2]	$7,950	15	$12,422	17	$8,750	14	$13,672	21
Baltimore [2]	7,900	16	12,289	18	8,553	18	16,239	6
Boston [3]	8,459	10	14,359	6	9,159	9	15,259	11
Buffalo [1 2]	8,695	6	13,903	9	9,910	4	15,552	9
Chicago [3]	10,000	1	16,628	1	10,686	2	17,802	1
Cincinnati [1 2]	7,770	18	12,710	15	8,640	17	13,715	20
Cleveland [2]	7,823	17	13,308	13	8,348	21	15,068	12
Columbus [2]	7,600	21	13,163	14	8,428	19	14,592	14
Dallas	7,000	27½	10,500	26	7,700	26	13,500	23
Denver	7,345	23	12,495	16	8,660	16	14,765	13
Detroit [2 3]	9,200	4	15,390	4	10,108	3	17,620	2
Houston [1 2]	7,200	26	10,610	25	7,820	25	11,850	27
Indianapolis	7,745	19	12,252	19	8,270	22	14,348	17
Jacksonville [2]	7,650	20	11,280	24	8,420	20	12,350	26
Kansas City	7,274	25	11,510	21	7,696	27	13,652	22
Los Angeles [3]	8,540	8	16,180	2	9,040	11	16,280	4
Memphis	7,300	24	11,400	23	8,130	23	12,470	25
Milwaukee	8,600	7	13,749	10	8,972	12	14,429	15
New Orleans	7,000	27½	10,300	27	7,300	28	10,900	29
New York [2 3]	9,600	2	15,750	3	11,350	1	17,500	3
Philadelphia [2 3]	9,256	3	15,075	5	9,568	6	16,258	5
Phoenix	7,444	22	11,414	22	7,940	24	14,391	16
Pittsburgh [2]	8,500	9	14,100	8	9,100	10	15,600	8
St. Louis	8,000	14	13,400	12	8,720	15	14,120	18
San Antonio	6,500	29	10,033	28	7,150	29	10,920	28
San Diego	8,327	11	11,852	20	9,410	7	13,901	19
San Francisco	8,265	12	14,180	7	9,405	8	15,345	10
Seattle	8,156	13	9,096	29	8,812	13	12,959	24
Washington, D.C. [2]	8,770	5	13,615	11	9,650	5	15,675	7
Washington, D.C. (proposed)	9,650	2	14,975	6	10,615	3	17,245	4
Mean [4]	8,039	.....	12,836	.....	8,787	.....	14,466	.....
Median [4]	7,925	.....	12,632	.....	8,690	.....	14,460	.....

[1] Cities with population under 500,000.
[2] Cities in the Eastern part of the United States.
[3] Cities with population over 1,000,000.
[4] Except District of Columbia.

Sources: 1973–74 salary survey data compiled by National Education Association and by District of Columbia Personnel Office, Compensation and Research Division.

As you will note, the District currently ranks in fifth place behind the major cities in the East, such as Chicago, Detroit, New York, and Philadelphia. The application of the 10 percent, or $9,650, places the District in second place nationally for the 1973–74 school year.

However, it should be noted that several of these major cities school systems contemplate changes in the next school year which are presently unknown.

Therefore, in order to maintain our policy which provides that the salary levels for D.C. teachers shall be in the upper quartile of the major school systems in the country, the proposed adjustment of 10 percent is significant.

We believe that the salary policy established for D.C. teachers and school officers meets the tests for a successful wage administration program and provides the Congress a rationale to consider a justifiable basis for adjusting teacher salary levels.

PAY INCREASE COMPARISON WITH CLASSIFIED EMPLOYEES

The pay for our teachers has also kept pace with increases given classified employees as well as other District government employees. Congressionally approved pay increases for D.C. teachers and school officers based on District government recommendations have totaled 53.1 percent in the period July 1966 to September 1973, while for the period July 1966 through October 1973, classified pay has increased by 49.1 percent by comparison.

Had the District government followed solely a policy of parity—that is, adjusting pay for teachers and school officers on the same increases given classified employees—teachers would be receiving less in salary than they now enjoy. Thus, it would appear that the policy of comparability used by the District government is effectively serving its purpose.

Briefly, Mr. Chairman, the accepted practice has been to develop the remainder of the salary schedule for school officers by establishing relationships between salaries of teachers and salaries of certain benchmark positions, that is, key positions used for comparison purposes which are found in school systems in other large cities. These comparative positions are superintendents, vice superintendents, principals and counselors, school librarians, and other similar positions, which are common to other school systems.

COST OF PAY INCREASES PROPOSED

Mr. Chairman, a review of H.R. 14400 and H.R. 14662, now pending before the Congress, would adjust the salary for D.C. teachers and school officers a minimum of 13 percent.

The minimum cost for H.R. 14400 and H.R. 14662 would exceed $14 million. This exceeds the cost in the District government's proposal by more than $3 million. It should also be noted that H.R. 14400 and H.R. 14662 provides "for increases in compensation of at least 13 percentum for each salary classification."

Also the bills require that beginning March 1, 1975, the Board of Education must submit the results of a salary study to the Commissioner who shall transmit the report to the Council with a recommendation. It appears that the Council, by July 1, 1975 and each year thereafter, must agree to that recommendation and can provide for increases by raising taxes.

This very unsatisfactory procedure would impose a statutory requirement and fiscal burden on the District Government in direct contradiction with the intent of the Act of Self-Determination for the District of Columbia.

Mr. Chairman, I submit that it is time that these "mine-forged manacles" were unfettered and that the District government be given the opportunity to solve its own problems.

We are not bound by the weight of tradition and have developed a system which is not only more orderly, but more efficient and systematic than those proposed in H.R. 14400 and H.R. 14662. I subscribe to the Mayor's request to substitute the city's proposal for these bills.

COLLECTIVE BARGAINING

Mr. Chairman, an integral part of the total consideration of the salary levels for D.C. teachers is the collective bargaining now taking place between the Teachers' Union and the Board of Education.

The 6-hour day or 30-hour week now being worked by D.C. teachers are the shortest of any in the Washington area school system. Hours of work for District teachers should be comparable with hours worked by teachers in local school systems as comparable with teachers in the Nation's largest cities, if the District is going to provide salaries which are also comparable locally and nationally.

I support the proposition of the Board of Education that any increase in salary be accompanied with an increase in the workday, amounting to an additional 45 minutes per day. To consider salary only and separate the two would kill any incentive to reach agreement on a longer school day.

Mr. Chairman, I would like to recommend that the process of collective bargaining be allowed to continue without interjecting the statutory process in only one area and to allow the process of mediation to be fully utilized in an atmosphere of true bilateralism.

If the Congress should decide to consider the draft legislation proposed by the District government, then it would be considering only one side of this extremely complex problem.

It would also eliminate any future bargaining in any of the remaining issues since management leverage would no longer exist. I do not believe that the Congress intends to disturb this very sensitive relationship, and therefore the pay matter, as well as that regarding the longer school day, should be placed back in the collective bargaining channel and the process be allowed to reach its final conclusion.

As the Mayor suggested, the Federal Mediation and Conciliation Service should be given the necessary time to bring these matters to an equitable resolution.

H.R. 13970

Mr. Chairman, I would like to comment on H.R. 13970, a bill which would amend the Teachers' Retirement Act to provide for increases in the annuity payable to retired teachers similar to amendments made in the Civil Service Retirement Act.

The District Government has requested the Actuary of the Treasury to consider the cost of H.R. 13970, which is estimated at $292,000 for fiscal year 1975. Because of the excessive cost and its impact on the unfunded liability, as well as other considerations, we are opposed to H.R. 13970. (See Treasury letter, p. 85.)

Although there is a past practice on the part of the District Government to try and provide retirement benefits to D.C. teachers and school officers similar to those enacted for classified employees, we believe that continuation of such a procedure is questionable and closer investigation should be conducted concerning the merger of the teachers retirement system with that of the Civil Service retirement system. These analyses would be part of the District's overall consideration of its personnel system for the future.

RECOMMEND 10-PERCENT PAY INCREASE

We believe that the proposal of 10 percent will provide the continued equity for our D.C. teachers and school officers and provide a sound foundation for consideration of pay through the process of collective bargaining.

We can find no basis to support a salary proposition beyond the 10 percent proposed by the Mayor and hope that the committee will consider for enactment the District's proposed legislation.

Mr. Chairman, we look to the future with a great deal of optimism and confidence. John Gardner has noted that some individuals look forward and have the future in mind, others are preoccupied with the past. The former has a vivid sense of what they are becoming, the latter a vivid sense of what has been.

We hope that the Congress does not assume that the worst is to be expected and speeds us on our way toward self-government as does the Mexican villager by saying, "May you go with God, and may nothing new happen to you."

Mr. Chairman, I will be pleased to answer any questions that you might have.

[The complete statement of Mr. Weinberg follows:]

STATEMENT OF DONALD H. WEINBERG, DIRECTOR OF PERSONNEL, CONCERNING SALARY INCREASES FOR DISTRICT OF COLUMBIA TEACHERS AND SCHOOL OFFICERS

Mr. Chairman and Members of the Committee, I appreciate the opportunity to appear before this Committee with Mayor Washington to add the technical details concerning the District's proposal to increase the salaries of teachers and school officers by 10 percent and to discuss other legislation dealing with the teachers' retirement system. In the Mayor's statement, he indicated that the salary considerations for D.C. teachers were issues in the collective bargaining process currently taking place between the Board of Education and the Washington Teachers' Union. The question of the longer school day, which is the bilateral issue or *quid pro quo* for the adjustment in the salary schedule should not be viewed with concern but is the product of mature labor relations. This is the normal give and take of collective bargaining and provides the forum where the two sides can achieve objectives which are important for both. As the District moves toward Home Rule, the Congress should not regard the process as either disruptive or nonproductive but should consider that the alternative is more drastic where employees have little chance to express their concerns as to conditions of employment. The time it takes to conclude a significant collective bargaining agreement is short in terms of the stability achieved over the life of that agreement. Therefore, the future role that collective bargaining will play in establishing salary levels and providing for conditions of employment will become more important. The current program of the District Government which provides for the arsenal of third party procedures holds great promise that increased bargaining can be accomplished peacefully. The advantages of collective bargaining is that the end product is a result of the voluntary agreement of the parties and the parties enjoy the fruits of a mutual collective agreement.

DISTRICT'S SALARY POLICY

The Mayor has outlined the salary policy which the District Government uses to set pay for its teachers and school officers, and my role will be to amplify this salary policy by indicating graphically our salary position with regard to the comparison with local jurisdictions as well as our competitive position with the Nation's 29 largest cities.

The question that is frequently asked during a period of high inflation is why shouldn't salary levels be established in accordance with changes in the cost of

of living? We believe that the relationship with the one economic factor places the District Government in a position where it would ignore comparable salaries being paid locally as well as nationally for teachers. The District Government would be forced to limit its adjustments for teachers and school officersin a period where living costs might decelerate but where the labor market may show considerable shortage for such talent. This is not remote since during the period of the 60's when living costs were increasing at a rate of only three to four percent, the labor market for teachers was extremely tight and salary levels for teachers in the market were increasing at 10 to 15 percent to keep pace with needs. In the latter part of the 60's this same situation applied to policemen and firemen to satisfy "law and order" priorities. Therefore, to only use one indicator would produce unrealistic conclusions, one contradictory to the other. We believe that we can neither accept wholly one proposal or wholly ignore the other. In a sense our salary policy allows us to consider the impact of cost-of-living on those salary levels where school systems have used that as a basis for adjusting their salaries. It also considers the salary levels which are established by comparisons to the Standard Industrial Code or to the average of salaries paid by the local school jurisdictions or considers those salaries based on the highest paying local school system or are adjusted as a direct result of collective bargaining. In fact, Mr. Chairman, a survey conducted by my Office of the Nation's 29 largest urban school systems found that the most commonly used methods to establish or adjust salary rates for teachers are in order of highest response—first, negotiated agreements; second, pay comparability with like jobs in local area school systems; and, third, pay comparability with like jobs in school systems of a similar size on a Nation-wide basis.

Before you on the easel is Chart #1, which depicts our competitive position locally for the 1974–75 school year. Before referring to this Chart, I would like to indicate that the salary level of $8,770 currently places the District in first place by $485 above the next highest paying jurisdiction which is Alexandria. Chart #1 indicates that in the 1974–75 school year there is a range of increases of 5.9 percent in Fairfax County to a high of 10% in Arlington. The new rate of $9,055 per annum for the beginning salary of Arlington school teachers would exceed that of the District placing us in second place locally if there were no adjustments, but more important, the District would only exceed the next several jurisdictions by slightly over $100. The proposed 10 percent of $9,650 preserves the competitive relationship District teachers now enjoy. An adjustment beyond 10 percent has no valid basis for consideration.

Chart #2 shows the comparison of the District with the Nation's 29 largest cities. As you will note, the District currently ranks in fifth place behind the major cities in the East, such as Chicago, Detroit, New York and Philadelphia. The application of the 10 percent, or $9,650, places the District in second place nationally for the 1973–74 school year. However, it should be noted that several of these major cities school systems contemplate changes in the next school year which are presently unknown. Therefore, in order to maintain our policy which provides that the salary levels for D.C. teachers shall be in the upper quartile of the major school systems in the country, the proposed adjustment of 10 percent is significant. We believe that the salary policy established for D.C. teachers and school officers meets the tests for a successful wage administration program and provides the Congress a rationale to consider a justifiable basis for adjusting teacher salary levels.

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H.R. 14400 AND H.R. 14662

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Mr. Chairman, I would like to recommend that the process of collective bargaining be allowed to continue without interjecting the satutory process in only one area and to allow the process of mediation to be fully utilized in an atmosphere of true bilateralism. If the Congress should decide to consider the draft legislation proposed by the District Government, then it would only be considering one side of this extremely complex problem. It would also eliminate any future bargaining in any of the remaining issues since management leverage would no longer exist. I do not believe that the Congress intends to distrub this very sensitive relationship, and therefore the pay matter, as well as that regarding the longer school day, should be placed back in the collective bargaining channel and the process be allowed to reach its final conclusion. As the Mayor suggested, the Federal Mediation and Conciliation Service should be given the necessary time to bring these matters to an equitable resolution.

H.R. 13970

Mr. Chairman, I would like to comment on H.R. 13970, a bill which would amend the Teachers' Retirement Act to provide for increases in the annuity payable to retired teachers similar to amendments made in the Civil Service Retirement Act. The District Government had requested the Actuary of the Treasury to consider the cost of H.R. 13970, which is estimated at $292,000 for F.Y. 1975. Because of the excessive cost and its impact on the unfunded liability, as well as other considerations, we are opposed to H.R. 13970. Although there is a past practice on the part of the District Government to try and provide improved retirement benefits to D.C. teachers and school officers similar to those enacted for classified employees, we believe that continuation of such a procedure is questionable and closer investigation should be conducted concerning the merger of the teachers retirement system with that of the Civil Service retirement system. These analyses would be part of the District's overall consideration of its personnel system for the future.

We believe that the proposal of 10 percent will provide the continued equity for our D.C. teachers and school officers and provide a sound foundation for consideration of pay through the process of collective bargaining. We can find no basis to

support a salary proposition beyond the 10 percent proposed by the Mayor and hope that the Committee will consider for enactment the District's proposed legislation.

Mr. Chairman, we look to the future with a great deal of optimism and confidence. John Gardner has noted that some individuals look forward and have the future in mind, others are preoccupied with the past. The former have a vivid sense of what they are becoming, the latter a vivid sense of what has been.

We hope that the Congress does not assume that the worst is to be expected and speeds us on our way toward self-government as does the Mexican Villager by saying "May you go with God, and may nothing new happen to you".

Mr. Chairman, I will be pleased to answer any questions that you might have.

Mr. DELLUMS. What I would like to do is have Mr. Coppie proceed with his testimony and proceed with questions from there.

STATEMENT OF COMER S. COPPIE, SPECIAL ASSISTANT TO THE MAYOR-COMMISSIONER FOR BUDGET AND FINANCIAL MANAGEMENT

Mr. COPPIE. I will be testifying on the problems associated with the current teachers' retirement program. I have a prepared statement I would like to provide for the record and perhaps could highlight matters for you. I think you are going to want to discuss the salary situation.

I think, first, by way of background, we have essentially three retirement programs in the District of Columbia. One is the retirement program that affects the classified employees, and we are tied into the Federal retirement system as far as program is concerned.

The second is for police and firemen, which is a pay-as-you-go retirement program, discussed at the time of the police and firemen's hearing, which was several weeks ago.

The third is the teachers' retirement program. Specifically, with regard to teachers' retirement program, it is a program that is financed through a fund that is not actuarially sound, but it is a fund that is currently maintained at $60 million.

The $60 million figure is provided for by statute. The yield from the investment from that fund, coupled with the financing that is provided by teachers into the fund and annual appropriations provide for the costs, the annual cost associated with the teachers' retirement program.

The problem, Mr. Chairman, that we have that it is not an actuarially sound program. The current unfunded liability in the teacher's retirement system is in excess of $200 million, and by the end of the current decade it will exceed $300 million. The commitment of the city is to try and move the teachers' retirement system and the police and fireman's retirement system to an actuarially sound fund system.

Mr. Chairman, we have identified the options that we believe are viable options in terms of doing this.

I have outlined them, generally, in my statement, and I have also prepared a detailed paper, which will be reviewed by the committee and the committee staff. To highlight the proposal, I would point out that if we are to really address this problem, that it must be in a partnership between the District government and the Federal Government—not necessarily an equal partnership.

We propose to be anywhere from 70 to 80 percent of the total projected cost involved in making the teachers' retirement system actuarially sound.

Nevertheless, the cost we are talking about are very substantial because we are talking about a problem that is a very substantial one in terms of costs. Under one option, we are talking about a total cost of better than $5 billion with the District paying 79 percent of the total cost and the Federal Government paying approximately 21 percent of the total cost.

Under the second option, again, the total cost is projected at $5 billion. The District's share of the cost would be 53 percent and the Federal share would be 15 percent, or a total cost of $5 billion.

Mr. Chairman, I think that the problem that we face in our retirement system, teachers' retirement system, is not unique to the District. It is a problem facing many States and cities across the country.

Ghosts of Christmas past are coming home to haunt us and unless we face up to our responsibilities, the problem is going to become more acute and the potential financing problem is going to become very, very serious.

We would hope that the problem could be looked at objectively this year and we would look forward to addressing the problem in a partnership between the District government and the Federal Government.

Thank you.

[The full text of the statement by Mr. Comer S. Coppie follows:]

STATEMENT OF COMER S. COPPIE, SPECIAL ASSISTANT TO THE MAYOR-COMMISSIONER FOR BUDGET AND FINANCIAL MANAGEMENT

Mr. Chairman and members of the committee, I would like to thank you for this opportunity to report on our efforts to develop practical alternatives to the present method of financing retirement benefits for public school teachers. This is a fitting occasion for calling attention to this important policy issue. Too frequently, proposals for raising public employee salaries are put forward and evaluated in an overly narrow context, without due consideration of the wide range of factors involved in an employee's total compensation package. Your recognition of the strong interdependence between current salaries and future pensions, as well as your appreciation of their respective financing requirements, is welcomed and should be commended.

DISTRICT'S RETIREMENT PROGRAMS

Mr. Chairman, three weeks ago the District Government appeared before the House Committee on the District of Columbia to present our views on pay and retirement issues affecting city policemen and firemen. At that time, I submitted to the Committee a comprehensive report on retirement financing options under consideration for the Police and Fire Retirement System. I also indicated that I I would shortly be furnishing comparable data on the Teachers Retirement System for the Committee's deliberations on the retirement financing issue. Today, rather than reiterate many of the same points I made in my earlier statement on retirement financing, I propose simply to summarize the major results of our cost analysis of the Teachers Retirement System and provide for the record detailed financial exhibits such as those included in the initial report.

Before comparing the cost impact of alternative financing strategies, it is important to establish a framework for comparison which outlines the key features of the method now used to meet teacher retirement benefits. Unlike the Police and Fire Retirement System, the Teachers Retirement System is a funded pension program, with holdings in U.S. Treasury securities valued at approxi-

34-522—74——5

mately $60 million. Despite the availability of investment earnings to help defray retirement costs, the teachers fund is not actuarially sound. This is because the amount of fund assets are set by statute at a level too low to adequately finance pension liabilities accruing each year. Thus, annual employer contributions into the fund are computed so as to maintain the size of the fund at the level established by law, regardless of the reserves needed to satisfy the actuarial requirements of the system.

TEACHERS SYSTEM

The primary weakness of this approach, from an actuarial standpoint, lies in its failure to control future growth in unfunded liability. As you can see from the materials I have presented to the Committee, Exhibit I–A shows a projected unfunded liability of $253.5 million for the Teachers Retirement System at the end of FY 1975. If we continue with the current financing method, the system's unfunded liability will increase to $395.4 million by FY 1980, and despite moderate fund accumulation beyond that point, the unfunded liability will continue to grow about 7½% annually.

To build these actuarial considerations into the funding mechanism, cost implications of shifting the Teachers Retirement System to the same financing options previously identified for the Police and Fire Retirement System have been determined. You will recall from our earlier report that each of these options creates an actuarially sound funding strategy through a partnership arrangement between the Federal and District Governments. However, as in the case of the Police and Fire Retirement System, the partnership is not an equal one since the District would bear a full 70–84% of total retirement costs depending on the option selected. After the system is placed on a sound footing, over a period ranging from 27–30 years, the District would then assume full financial responsibility for maintaining the actuarial stability of the fund. Thus, these options allow the city to phase in the assumption of its retirement obligations over a realistic time period.

EXHIBIT I–A

DISTRICT OF COLUMBIA TEACHERS RETIREMENT SYSTEM (5 PERCENT SALARY AND COST OF LIVING INCREASES, 7 PERCENT INTEREST ON FUND INVESTMENTS)

[Dollar amounts in millions]

Fiscal year	Active payroll	Annuities plus refunds	Employee contributions	District of Columbia costs (current method)	Total accrued liability	Fund amount	Unfunded liability
1975					$315.2	$61.7	$253.5
1976	$120.7	$23.4	$8.8	$10.8	340.2	61.7	278.5
1977	126.3	25.3	9.2	12.3	366.7	61.7	305.0
1978	132.5	27.3	9.7	13.9	395.0	61.7	333.3
1979	139.3	29.4	10.2	15.5	425.0	61.7	363.3
1930	146.6	31.6	10.7	17.3	457.1	61.7	395.4
1985	191.8	45.1	14.0	31.2	651.9	76.7	575.2
1990	250.3	63.0	18.3	44.7	923.1	100.1	823.0
1995	321.9	88.1	23.5	64.5	1,295.5	128.8	1,166.7
2000	406.4	123.5	29.7	93.3	1,796.4	162.6	1,633.8
2005	496.6	178.2	36.3	140.9	2,424.3	198.6	2,225.7
2020	968.5	428.2	70.7	362.5	5,006.0	387.4	4,618.6
2040	2,568.5	1,039.1	187.5	861.8	12,378.4	1,027.4	11,351.0
2050	4,183.9	1,659.3	305.4	1,369.3	20,068.2	1,673.6	18,394.6

Source: U.S. Treasury Department.

The cost impact of each option to the District and Federal Governments is shown separately in Exhibits II–A through IV–A of the accompanying materials, and compared with the current financing method in Exhibit V–A. Under option 1, the *Level Percentage Approach*, Federal contributions would amount to $460.4

million, which represents 22% of the total cost during the first 30 years. The remaining 78% of the total $2.12 billion cost over this period would be contributed by the District Government.

EXHIBIT II–A

DISTRICT OF COLUMBIA TEACHERS RETIREMENT SYSTEM—OPTION 1—LEVEL PERCENTAGE APPROACH (5 PERCENT SALARY AND COST OF LIVING INCREASES, 7 PERCENT INTEREST ON FUND INVESTMENTS)

[Dollar amounts in millions]

Fiscal year	Total cost	District of Columbia share	Federal share	Fund Accumulation	
				Amount	Multiple of payroll
1976	$30.9	$10.8	$20.1	$82.8	0.69
1977	32.3	12.3	20.0	105.4	.84
1978	33.9	13.9	20.0	129.7	.98
1979	35.6	15.5	20.1	155.8	1.12
1980	37.5	17.3	20.2	183.8	1.25
1985	49.0	31.2	17.8	360.4	1.88
1990	64.0	44.7	19.3	617.9	2.47
1995	82.3	64.5	17.8	977.3	3.04
2000	103.9	93.3	10.6	1,454.9	3.58
2005	127.0	127.0	.....	2,026.9	4.08
2020	247.7	247.7	.....	3,986.8	4.12
2040	656.8	656.8	.....	9,212.0	3.59
2050	1,069.9	1,069.9	.....	14,802.9	3.54

Note: Total Federal share—$460.4; present value, Federal share—$227.0.

Source: U.S. Treasury Department.

OPTIONS 2 and 3 are both *Normal Cost Approaches*, which differ only with respect to the amount of Federal support required to liquidate the initial unfunded liability. In the case of OPTION 2, the total Federal commitment would come to $591.0 million over 30 years with the District Government providing the balance of $1,404.8 million. Thus, the total cost of OPTION 2 approximates 2 billion during the first 30 years. Funding would be shared between the District and Federal Governments on a 70–30 basis.

EXHIBIT III–A

DISTRICT OF COLUMBIA TEACHERS RETIREMENT SYSTEM—OPTION 2—NORMAL COST APPROACH, FEDERAL LIQUIDATION OF UNFUNDED LIABILITY (5 PERCENT SALARY AND COST OF LIVING INCREASES, 7 PERCENT INTEREST ON FUND INVESTMENTS)

[Dollar amounts in millions]

Fiscal year	Total cost	District of Columbia normal cost plus amortization payment	Federal liquidation of unfunded liability	Fund accumulation		Unfunded liability
				Amount	Multiple of payroll	
1976	$23.5	$3.8	$19.7	$75.2	0.62	$250.8
1977	24.9	5.2	19.7	89.5	.71	248.0
1978	26.3	6.6	19.7	104.8	.79	244.9
1979	28.0	8.3	19.7	121.0	.87	241.6
1980	29.6	9.9	19.7	138.3	.94	238.1
1985	40.3	20.6	19.7	244.7	1.28	216.4
1990	55.4	35.7	19.7	398.6	1.59	186.1
1995	76.4	56.7	19.7	618.0	1.92	143.5
2000	105.2	85.5	19.7	924.6	2.27	83.8
2005	143.9	124.2	19.7	1,320.1	2.66	0
2020	296.2	296.2	.....	2,398.1	2.48	.....
2040	775.0	775.0	.....	5,753.6	2.24	.....
2050	1,231.4	1,231.4	.....	9,530.6	2.28	.....

Note: Total Federal share—$591.0; present value, Federal share—$253.5.

Source: U.S. Treasury Department.

EXHIBIT IV-A

DISTRICT OF COLUMBIA TEACHERS RETIREMENT SYSTEM—OPTION 3—NORMAL COST APPROACH, FEDERAL AND DISTRICT OF COLUMBIA LIQUIDATION OF UNFUNDED LIABILITY (5 PERCENT SALARY AND COST OF LIVING INCREASES, 7 PERCENT INTEREST ON FUND INVESTMENTS)

[Dollar amounts in millions]

Fiscal year	Total cost	District of Columbia normal cost plus amortization payment	Unfunded liability payment	Federal share	District of Columbia share	Total District of Columbia cost
1976	$23.5	$3.8	$19.7	$12.7	$7.0	$10.8
1977	24.9	5.2	19.7	12.6	7.1	12.3
1978	26.3	6.6	19.7	12.4	7.3	13.9
1979	28.0	8.3	19.7	12.5	7.2	15.5
1980	29.6	9.9	19.7	12.3	7.4	17.3
1985	40.3	20.6	19.7	9.1	10.6	31.2
1990	55.4	35.7	19.7	10.7	9.0	44.7
1995	76.4	56.7	19.7	11.9	7.8	64.5
2000	105.2	85.5	19.7	11.9	7.8	93.3
2005	143.9	124.2	19.7	3.0	16.7	140.9
2020	296.2	296.2	----	----	----	296.2
2040	775.0	775.0	----	----	----	775.0
2050	1,231.4	1,231.4	----	----	----	1,231.4

Note: Total Federal share—$317.1; present value, Federal share— $141.1.

Source; U.S. Treasury Department.

Option 3 cuts the Federal contribution under the second option nearly in half, from 30% to 16% of the total cost of establishing the fund. This reduces the amount of Federal support to $317.1 million while simultaneously increasing the District's share of the total financial requirement to $1,678.7 million. Exhibits VI and VI-A provide a cumulative cost breakdown of these options over the first 30 years for the Police and Fire Retirement System and the Teachers Retirement System, respectively.

As in the case of police and fire retirement financing alternatives, these optiosn for the Teachers Retirement System are currently being examined by the Federal Office of Management and Budget. The city's final legislative proposal on retirement system financing will be forthcoming after an official policy decision has been reached at that level.

Mr. Chairman, I believe it is extremely important to review these alternative financing approaches in the context of the city's longstanding retirement objective. Our policy has always been, and will continue to be, aimed at meeting our retirement obligations within a fiscal framework that also allows the city to accomplish its critical mission in all program areas. The options we have placed before you today are designed to meet the test of actuarial soundness and fiscal responsibility.

I respectfully invite you to give serious consideration to these financing strategies and will now be pleased to address any questions you may have on this important public policy question.

EXHIBIT V-A

COMPARISON OF FINANCING OPTIONS—DISTRICT OF COLUMBIA TEACHERS RETIREMENT SYSTEM (5 PERCENT SALARY AND COST OF LVIING INCREASES 7 PERCENT INTEREST ON FUND INVESTMENTS)

[Dollar amounts in millions]

Fiscal year	Current method					Option 1					Option 2					Option 3				
				Fund					Fund					Fund					Fund	
	Total cost	District of Columbia cost	Federal cost	Amount	Fund plus pay	Total cost	District of Columbia cost	Federal cost	Amount	Fund plus pay	Total cost	District of Columbia cost	Federal cost	Amount	Fund plus pay	Total cost	District of Columbia cost	Federal cost	Amount	Fund plus pay
1976	$10.8	$10.8	0	$61.7	0.51	$30.9	$10.8	$20.1	$82.8	0.69	$23.5	$3.8	$19.7	$75.2	0.62	$23.5	$10.8	$12.7	$75.2	0.62
1977	12.3	12.3	0	61.7	.49	32.3	12.3	20.0	105.4	.84	24.9	5.2	19.7	89.5	.71	24.9	12.3	12.6	89.5	.71
1978	13.9	13.9	0	61.7	.47	33.9	13.9	20.0	129.7	.98	26.3	6.6	19.7	104.8	.79	26.3	13.9	12.4	104.8	.79
1979	15.5	15.5	0	61.7	.44	35.6	15.5	20.1	155.8	1.12	28.0	8.3	19.7	121.0	.87	28.0	15.5	12.5	121.0	.87
1980	17.3	17.3	0	61.7	.42	37.5	17.3	20.2	183.8	1.25	29.6	9.9	19.7	138.3	.94	29.6	17.3	12.3	138.3	.94
1985	31.2	31.2	0	76.7	.40	49.0	31.2	17.8	360.4	1.88	40.3	20.6	19.7	244.7	1.28	40.3	31.2	9.1	244.7	1.28
1990	44.7	44.7	0	100.1	.40	64.0	44.7	19.3	617.9	2.47	55.4	35.7	19.7	398.6	1.59	55.4	44.7	10.7	398.6	1.59
1995	64.5	64.5	0	128.8	.40	82.3	64.5	17.8	977.3	3.04	76.4	56.7	19.7	618.0	1.92	76.4	64.5	11.9	618.0	1.92
2000	93.3	93.3	0	162.6	.40	103.9	93.3	10.6	1,454.9	3.58	105.2	85.5	19.7	924.6	2.27	105.2	93.3	11.9	924.6	2.27
2005	140.9	140.9	0	198.6	.40	127.0	127.0	0	2,026.9	4.08	143.9	124.2	19.7	1,320.1	2.66	143.9	140.9	3.0	1,320.1	2.66
2020	362.5	362.5	0	387.4	.40	247.7	247.7	0	3,986.8	4.12	296.2	296.2	0	2,398.1	2.48	296.2	296.2	0	2,398.1	2.48
2040	861.8	861.8	0	1,027.4	.40	656.8	656.8	0	9,212.0	3.59	775.0	775.0	0	5,753.6	2.24	775.0	775.0	0	5,753.6	2.24
2050	1,369.3	1,369.3	0	1,673.6	.40	1,069.9	1,069.9	0	14,802.9	3.54	1,231.4	1,231.4	0	9,530.6	2.28	1,231.4	1,231.4	0	9,530.6	2.28
Federal share, total			0					460.4					591.0					317.1		
Federal share, present value			0					227.0					253.5					141.1		

Source: U.S. Treasury Department.

EXHIBIT VI-A

TOTAL RETIREMENT COSTS DURING FIRST 30 YEARS—FISCAL YEARS 1976-2005—DISTRICT OF COLUMBIA TEACHERS RETIREMENT SYSTEM (5 PERCENT SALARY AND COST OF LIVING INCREASES, 7 PERCENT INTEREST ON FUND INVESTMENTS)

[Dollar amounts in millions]

Retirement contributions	Option 1		Option 2		Option 3	
	Amount	Percent	Amount	Percent	Amount	Percent
Total	$2,117.2	100	$1,995.8	100	$1,995.8	100
Federal Government	460.4	22	591.0	30	317.1	16
District Government	1,656.8	78	1,404.8	70	1,678.7	84

EXHIBIT VI

TOTAL RETIREMENT COSTS DURING FIRST 30 YEARS—FISCAL YEARS 1976-2005—METROPOLITAN POLICE AND FIRE RETIREMENT SYSTEM (5 PERCENT SALARY AND COST OF LIVING INCREASES, 7 PERCENT INTEREST ON FUND INVESTMENT)

[Dollar amounts in millions]

Retirement contributions	Option 1		Option 2		Option 3	
	Amount	Percent	Amount	Percent	Amount	Percent
Total	$5,409.0	100	$5,083.0	100	$5,083.0	100
Federal Government	1,113.4	21	1,359.0	27	763.4	15
District Government	4,295.6	79	3,724.0	73	4,319.6	85

Mr. DELLUMS. I would like to thank you both for your excellent presentations. I would like to say, Mr. Weinberg, that the Chair is sensitive to the question of this subcommittee and the full committee will in no way violate the concept of the self-determination on the part of the people of the District.

Unfortunately, if there is to be a pay raise, this committee will have to make a recommendation to the Rules Committee to present legislation to the floor, and the problem is that it is that time of the year and my responsibility at this point, whether the committee decides to exercise one or more options, we will have to hold hearings, so my job today is to get your best recommendations and responses to the potential legislation bills that have been referred to our committee and we will hold the hearings at this point.

The subcommittee and the full committee has a number of options to dispose of, but we will have no options if we do not have hearings. However, given the lack of clarity in that concept of self-determination, I find myself in the middle of it and we have to judiciously carry out our responsibilities.

Mr. WEINBERG. Thank you, Mr. Chairman.

[The supporting material filed by Mayor-Commissioner Washington, dated May 30, 1974, follows:]

COST ESTIMATE—TEACHERS SALARY ACT BASED ON 10 PERCENT SCHEDULE INCREASE

	Cost,[1] fiscal year 1975	Cost, full fiscal year
Salary increase	$6,500,000	$10,725,000
Evening and summer school	80,000	245,000
Life insurance	20,000	30,000
Total	6,600,000	11,000,000

[1] Effective Jan. 1, 1975.

SUMMARY OF PAY RAISES FOR DISTRICT OF COLUMBIA PERSONNEL SUBSEQUENT TO 1949

Year	Classification Act			Police and firemen			Teachers and school officers		
	Public Law—	Effective date	Average percent increase	Public Law—	Effective date	Average percent increase	Public Law—	Effective date	Average percent increase
1949	81-429		3.7						
1951	82-201		[1] 9.4	82-207		[2] 10.0	82-207		[2] 10.0
1953				83-74		13.7	83-189		10.0
1955	84-94		7.5	84-244		7.5	84-243		14.9
1958	85-462		10.0	85-584		13.8	85-838		14.0
1960	86-568		7.5	86-734		7.5	86-773		7.5
1962	87-793	Oct. 11, 1962	5.5	87-882	Jan. 1, 1963	11.6	87-881	Jan. 1, 1963	10.6
1964	87-793	Jan. 1, 1964	4.1						
1964	88-426	Sept. 1, 1964	4.2	88-575	July 1, 1964	8.9	88-575	July 1, 1964	7.0
1965	89-301	Oct. 1, 1965	3.6						
1966	89-504	July 1, 1966	3.2	89-810	July 3, 1966	9.9	89-810	July 1, 1966	8.9
1967	90-206	Oct. 1, 1967	4.5	90-320	Oct. 1, 1967	9.2	90-319	Oct. 1, 1967	8.3
1968	90-206	July 1, 1968	4.9	90-320	July 1, 1968	.9	90-319	July 1, 1968	10.9
1969	90-206	July 1, 1969	9.1						
1970	91-231	Jan. 1, 1970	6.0	91-297	July 1, 1969	13.0	91-297	Sept. 1, 1969	13.0
1971	91-656	Jan. 1, 1971	6.0						
1972	92-210	Jan. 1, 1972	5.5	92-410	May 1, 1972	17.4	92-518	Sept. 1, 1972	7.0
	[5] U.S.C. 5305	Oct. 1, 1972	5.1						
1973	[5] U.S.C. 5305	Oct. 1, 1973	4.8				92-518	Sept. 1, 1973	5.0

[1] Maximum $800.
[2] Minimum $300; maximum $800.

TEACHERS AND SCHOOL OFFICERS SALARY SCHEDULE

[Public Law 92-518—effective September 1, 1973 (enacted October 1972)]

Salary class and group	Service step— 1	2	3	4	5	6	7	8	9
Class 1A	[1] $41,475								
Class 1B	[2] 36,750								
Class 2A	34,650								
Class 2B	32,550								
Class 3	24,930	$25,525	$26,120	$26,710	$27,305	$27,900	$28,490	$29,085	$29,680
Class 4	21,885	22,400	22,915	23,430	23,945	24,460	24,975	25,490	26,005
Class 5:									
Group B—MA	20,650	21,140	21,635	22,130	22,620	23,115	23,610	24,105	24,595
Group C—MA+30	21,090	21,585	22,075	22,570	23,065	23,555	24,050	24,545	25,035
Group D—Doctors	21,525	22,020	22,510	23,005	23,500	23,995	24,485	24,980	25,475
Class 6:									
Group B—MA	20,065	20,545	21,020	21,500	21,975	22,455	22,930	23,410	23,890
Level IV—Principal	20,065	20,545	21,020	21,500	21,975	22,455	22,930	23,410	23,890
Level III—Principal	19,490	19,965	20,445	20,920	21,400	21,875	22,355	22,830	23,310
Level II—Principal	18,910	19,390	19,865	20,345	20,820	21,300	21,775	22,255	22,735
Level I—Principal	18,330	18,805	19,285	19,760	20,240	20,715	21,195	21,670	22,150
Group C—MA+30	20,505	20,985	21,460	21,940	22,420	22,895	23,375	23,850	24,330
Level IV—Principal	20,505	20,985	21,460	21,940	22,420	22,895	23,375	23,850	24,330
Level III—Principal	19,925	20,400	20,880	21,355	21,835	22,315	22,790	23,270	23,745
Level II—Principal	19,345	19,825	20,300	20,780	21,255	21,735	22,215	22,690	23,170
Level I—Principal	18,770	19,245	19,725	20,200	20,680	21,160	21,635	22,115	22,590
Group D—Doctors	20,940	21,420	21,900	22,375	22,855	23,330	23,810	24,285	24,765
Level IV—Principal	20,940	21,420	21,900	22,375	22,855	23,330	23,810	24,285	24,765
Level III—Principal	20,365	20,845	21,320	21,800	22,275	22,755	23,230	23,710	24,185
Level II—Principal	19,780	20,260	20,740	21,215	21,695	22,170	22,650	23,125	23,605
Level I—Principal	19,205	19,680	20,160	20,640	21,115	21,595	22,070	22,550	23,025
Class 7:									
Group B—MA	18,205	18,645	19,080	19,515	19,950	20,385	20,820	21,255	21,695
Group C—MA+30	18,645	19,080	19,515	19,950	20,385	20,820	21,255	21,695	22,130
Group D—Doctors	19,080	19,515	19,950	20,385	20,820	21,255	21,695	22,130	22,565
Class 8:									
Group B—MA	16,625	17,050	17,475	17,905	18,330	18,755	19,180	19,605	20,030
Group C—MA+30	17,070	17,495	17,920	18,345	18,770	19,195	19,620	20,045	20,470
Group D—Doctors	17,505	17,930	18,355	18,780	19,205	19,630	20,055	20,480	20,905

Class 9:													
Group B—BA—MA	16,470	16,875	17,280	17,680	18,085	18,490	18,895	19,300	19,705				
Group C—MA+30	16,910	17,315	17,720	18,125	18,525	18,930	19,335	19,740	20,145				
Group D—Doctors	17,345	17,750	18,155	18,560	18,965	19,365	19,770	20,175	20,580				
Class 10:													
Group B—MA	15,835	16,230	16,620	17,015	17,410	17,805	18,195	18,590	18,985				
Group C—MA+30	16,275	16,670	17,065	17,455	17,850	18,245	18,640	19,030	19,425				
Group D—Doctors	16,710	17,105	17,500	17,890	18,285	18,680	19,075	19,465	19,860				
Class 11:													
Group B—MA	15,355	15,735	16,110	16,490	16,870	17,245	17,625	18,000	18,380				
Group C—MA+30	15,795	16,175	16,555	16,930	17,310	17,685	18,065	18,445	18,820				
Group D—Doctors	16,235	16,610	16,990	17,365	17,745	18,125	18,500	18,880	19,255				
Class 12:													
Group B—MA	14,830	15,195	15,555	15,920	16,280	16,645	17,005	17,365	17,730				
Group C—MA+30	15,265	15,630	15,990	16,355	16,715	17,080	17,440	17,805	18,165				
Group D—Doctors	15,710	16,070	16,435	16,795	17,155	17,520	17,880	18,245	18,605				
Class 13:													
Group B—MA	13,570	14,005	14,445	14,880	15,315	15,750	16,185	16,620	17,055				
Group C—MA+30	14,010	14,450	14,885	15,320	15,755	16,190	16,625	17,065	17,505				
Group D—Doctors	14,450	14,885	15,320	15,755	16,190	16,625	17,065	17,500	17,930				

	Service step—													Longevity step Y
	1	2	3	4	5	6	7	8	9	10	11	12	13	
Class 14:														
Group A—BA	10,395	10,850	11,310	11,765	12,220	12,680	13,135	13,590	14,050	14,505	14,965	15,420	15,875	----------
Group B—MA	11,265	11,725	12,180	12,635	13,095	13,550	14,005	14,465	14,920	15,375	15,835	16,290	16,750	----------
Group C—MA+30	11,710	12,165	12,620	13,080	13,535	13,990	14,450	14,905	15,360	15,820	16,275	16,730	17,190	----------
Group D—Doctors	12,145	12,600	13,055	13,515	13,970	14,425	14,885	15,340	15,795	16,255	16,710	17,170	17,625	----------
Class 15:														
Group A—BA	8,770	9,120	9,470	9,825	10,175	10,525	10,965	11,410	11,850	12,290	12,730	13,170	13,615	14,065
Group A-1—BA+15	9,210	9,560	9,910	10,265	10,615	10,965	11,410	11,850	12,290	12,730	13,170	13,615	14,055	15,540
Group B—MA	9,650	10,090	10,530	10,975	11,415	11,855	12,400	12,945	13,495	14,040	14,585	15,130	15,675	17,115
Group C—MA+30	10,090	10,530	10,975	11,415	11,855	12,295	12,804	13,390	13,935	14,480	15,025	15,570	16,120	17,565
Group D—Doctors	10,530	10,975	11,415	11,855	12,295	12,735	13,285	13,830	14,375	14,920	15,465	16,015	16,560	18,135

[1] The rate of compensation for salary class 1A is limited to the rate for level III of the Executive Schedule ($40,000 as of the effective date of this salary adjustment).

[2] The rate of compensation for salary class 1B is limited to the rate for level V of the Executive Schedule ($36,000 as of the effective date of this salary adjustment).

Note: The 5 per cent compensation increase represented by the salary rates in this schedule received Cost of Living Council clearance on Sept. 28, 1973.

SUMMER SCHOOL TEACHERS AND ADULT EDUCATION SCHOOLS SALARY SCHEDULE

[Public Law 92-518—effective Sept. 1, 1973 (enacted October 1972)]

Classification	Per period		
	Step 1	Step 2	Step 3
Summer school (regular):			
Teachers, elementary and secondary schools; counselor, elementary and secondary schools; librarian, elementary and secondary schools; school social worker; speech correctionist; school psychologist	$7.76	$8.80	$9.91
Psychiatrist social worker	8.93	10.12	11.10
Veterans' summer school centers: Teacher	7.76	8.80	9.91
Adult education schools:			
Teacher	8.54	9.68	10.90
Assistant principal	11.95	13.56	15.26
Principal	13.23	15.00	16.89

Statement of Purpose and Justification for Increasing the Salaries of District of Columbia Teachers and School Officers

I. INTRODUCTION

Salaries for District of Columbia teachers and school officers were last increased in September 1973 by Public Law 92-518. That law increased salary levels in two steps, an average of 12 percent, and thereby established a highly competitive pay scale for District teachers in relation to salaries paid other teachers in the Washington Metropolitan Area. In addition, the $8770 starting salary for District teachers with a Bachelor's Degree ranks nationally in the upper quartile of the nation's 29 largest cities. In the following text, current trends in salary and the status levels for teachers will be examined.

II. RESTATEMENT OF SALARY POLICY

The question that is frequently asked during a period of high inflation is why shouldn't salary levels be established in accordance with changes in the Consumer Price Index. We believe that any relationship with only one economic indicator places the District Government in a position where it would ignore comparable salaries being paid locally as well as nationally for teachers. Use of the Consumer Price Index as the sole indicator for salary adjustments will be discussed later in this report; however, it should be noted here that there is a growing body of controversy concerning the accuracy of the Consumer Price Index to meet all of the demands called upon it, especially in the light that it reflects buying habits which were first set in 1963. Therefore, the District Government believes that for the purpose of setting salaries for District teachers and school officers, the following policies should continue to be used as general guides:

(1) That the minimum salaries for District of Columbia public school teachers should be significantly higher than minimum salaries paid by school systems in the Washington Metropolitan Area; that the maximum salaries for District public school teachers should be close to the highest rates paid in the area; and that salaries for District school officers should be close to the highest salaries paid by school systems in the Washington Metropolitan Area. Because suburban areas provide other advantages, such as savings in travel time and fewer socio-economic problems, large city school systems must be able to offer a competitive salary if they are to attract and retain capable and enlightened teachers and school officers. For the District Government to pay the same as that paid by local school jurisdictions would place us at a decided competitive disadvantage since a young teacher would generally prefer to teach in a suburban school system if there were no difference in salary as an attractor.

(2) That salaries of District of Columbia school teachers and officers should be in a very favorable competitive position with those of the nation's largest cities, particularly those cities which are likely to recruit personnel from the same areas as the District (e.g., Philadelphia, Pittsburgh, Baltimore and New York). The next few years are vital, and there is every likelihood that key administrative personnel will continue to be sought from outside of the District's public school system and certainly key administrative personnel in our own school system will be highly sought by others.

These policies are important because they establish sound guidelines for salary administration and set a logical basis for providing competitive salaries for our educational employees.

III. CURRENT COMPETITIVE SALARY POSITION OF DISTRICT TEACHERS

A. Local Jurisdictions

The District proposes to increase the salary levels for its teachers and school officers by an average of 10 percent. We believe that we have been able to hold our salary advantage in comparison to salaries paid beginning teachers by the six local systems (Alexandria, Arlington, Fairfax, Falls Church, Montgomery and Prince George's) even though the 1973–74 school year was the thirteenth consecutive year that most or all of the local school systems have increased teachers' salaries. Table 1 below depicts the five year trend in teacher salaries locally and demonstrates that the District has held a competitive advantage for the school years 1970–71 through 1973–74. In addition, you will note in the column headed 1974–75 that even without a salary adjustment for the next school year, the District Government would still maintain a competitive salary position in comparison with the local jurisdictions. A 10 percent adjustment would place District teachers at $9650 per annum to start, which is almost $600 higher than the next highest paying jurisdiction. Because of this salary advantage, we believe that an effective date of January 1, 1975, would be appropriate. By contrast, H.R. 14400 provides that teachers of the District of Columbia shall receive an increase not less than 13 percent, effective September 1, 1974. H.R. 14662 also provides for a 13 percent increase in F.Y. 1975.

These bills would start a teacher at $9910 per annum, some $855 higher than the next highest paying school system in the Washington Metropolitan Area, and would require the levying of several taxes provided for in the bills to finance its $14.3 million cost. We can find no viable basis for the 13 percent increase proposed in H.R. 14400 and H.R. 14662. As indicated later in this report, the District's competitive position, both locally and nationally, will be effectively maintained by our proposed 10 percent adjustment. Moreover, if the rise in the cost of living is the basis for the 13 percent adjustment proposed in the two bills, it should be noted that the Washington Metropolitan Area Consumer Price Index increased by 5.6 percent in the six months between August 1973 and February 1974 and is expected to total about 10 percent for the year ending August 1974. The District's proposal, 10 percent effective January 1, 1975, attempts to balance our local and national competitive positions, the anticipated increase in the cost of living and our ability to pay for the increase within the framework of our proposed financial plan for F.Y. 1975.

TABLE 1.—5-YEAR TREND IN SALARIES PAID TO BEGINNING BACHELOR'S DEGREE TEACHERS BY SCHOOL SYSTEMS IN THE WASHINGTON METROPOLITAN AREA

School system	1970–71	1971–72	1972–73	1973–74	1974–75
Alexandria	$7,250	$7,550	$7,850	$8,285	(1)
Arlington	7,000	7,575	7,826	8,217	$9,055
Fairfax	7,200	7,350	7,600	7,900	(1)
Falls Church	7,250	7,550	7,800	8,100	8,600
Montgomery	7,250	7,615	7,880	8,101	8,668
Prince Georges	7,175	7,600	7,828	8,080	8,646
Washington, D.C.	7,800	7,800	8,350	8,770	[2] 8,770

[1] Not presently available.
[2] Present rate; proposed rate, $9,650.

Chart 1, attached, shows comparisons of District of Columbia teachers salaries with those of other local school systems for the 1973–74 school year. While the District maintained its competitive position for new teachers entering the school system, it did less well at the BA maximum and at the MA maximum levels. Chart 2, attached, depicts the competitive position of the District for the 74–75 school year as well as the comparative salaries under the District's proposal.

B. Trends in the Nation's Largest City School Systems

During the 1973–74 school year, the salary increases granted teachers in the nation's largest cities generally fall within the 5 percent to 5.5 percent salary adjustment range. Of 20 cities reporting the amount of their increases in a recent survey, 15 gave increases of 5.5 percent or less and only five granted raises above this amount. These adjustments of approximately 5 to 5.5 percent cannot be solely attributed to economic stabilization controls, since the four years previous to the 1973–74 school year showed a deceleration of teacher salaries nationally, where average increases advanced approximately 6 percent per year.

Chart 3, attached, shows that the District currently ranks fifth at the BA minimum among the nation's 29 largest cities, which again indicates that we have been able to maintain our competitive position at or near the top nationally, in conformance with the salary policy described previously.

C. Trends in Beginning Salaries Paid by Industry

The following table (Table 2) provides a compairison of salaries paid to graduates with a Bachelor's Degree in several occupational areas and that of beginning teachers:

TABLE 2.—*Average starting salaries offered to graduates with bachelor's degree for selected positions in private industry, 1974–75* [1]

Position:	*Average starting salary*
Engineering	$14,556
Accounting	11,040
Mathematics—Statistician	10,176
Sales—Marketing	9,864
Economics—Finance	9,672
Business administration	9,072
Liberal arts	8,892
Teaching—District of Columbia proposed	[2] 11,580

[1] Salaries are those offered in November 1973 to individuals who will graduate in June 1974.
[2] Proposed $9,650 starting salary for the District's 10 month school year annualized.

Source: Frank S. Endicott, Director of Placement, Northwestern University.

As indicated, the proposed $9,650 salary for a beginning D.C. teacher has been annualized in order to make a valid comparison with the other occupations which work on a 12-month basis. The resulting salary of $11,580 per annum is higher than the top average starting salary for Engineering, which as shown by Table 2, is $11,556. Another factor to be considered is the average workweek. In private industry, it is generally 40 hours; whereas the average workweek for a teacher in the District of Columbia is approximately 30 hours, the shortest workweek, incidentally, in comparison with the other teaching positions in the Washington Metropolitan Area.

In summary, three factors emerge which we believe support the District's proposed 10 percent adjustment for D.C. teachers. First, the beginning salary for District teachers, when compared to the local jurisdictions, is significantly higher in the 1973–74 school year and, by all information now available, this advantage will increase if the beginning salary is adjusted from its current $8770 to the $9650 proposed. Second, the District would continue to maintain its competitive position nationally, especially in comparison with those cities in the eastern part of the United States. Third, the proposed salary of $9650 for a starting teacher in the District of Columbia is highly competitive with the beginning salary being offered to 1974 graduates in occupations in the private sector.

D. The Question of the Longer School Day

An intricate part of the total consideration of salary increases for D.C. teachers is the collective bargaining now taking place between the Washington Teachers Union and the Board of Education. The 6-hour day or 30-hour workweek now in effect for District teachers is an important issue in the negotiations, since the hours of work should also be comparable with those in the local and national school systems used for salary comparison purposes. Locally, the District has the shortest workday; and, nationally, as reported by 22 other large cities in a recent survey, the third lowest. The District Government supports the bargaining position of the Board of Education that any increase in salary be accompanied by an increase in the workday amounting to an additional 45 minutes per day. This issue was first discussed in the 1971 negotiations. At that time, the union agreed in a letter of understanding to negotiate the issue of a longer school day once salary increase legislation was enacted. Despite increases totaling 12 percent since then, the union has refused to negotiate the issue and only during the present bargaining has it been a matter of consideration. The District is now supporting a pay raise of 10 percent, which would provide teachers a cumulative 22 percent increase in salary since the union's commitment to negotiate the longer school day. We believe that

if the integrity of collective bargaining is to be preserved, a longer school day must be negotiated in consideration of any further adjustment in the salary levels for teachers and that the issue must not be taken out of context by enactment of legislation which would only consider pay.

IV. SALARY INCREASES FOR SCHOOL OFFICERS—SALARY CLASSES 1 THROUGH 14

Accepted practice has been to develop the remainder of the salary schedule for school officers by establishing relationships between salaries of teachers and salaries of certain "benchmark positions" (i.e., key positions used for comparison purposes) which are found in school systems in other large cities. These ratio or index differentials form the basis for maintaining the proper class relationships. Table 3 below indicates this relationship for certain selected key jobs in the school system.

TABLE 3.—INDEX RELATIONSHIP OF PROPOSED MAXIMUM SALARIES FOR KEY JOBS AS A PERCENTAGE OF SALARY STEP 13 FOR CLASSROOM TEACHERS WITH A MASTER'S DEGREE

Key job	Class	Maximum salary	Index
Teacher	15B	[1] $17,245	1.00
Assistant principal	8B	22,075	1.28
Principal, level II	6B	24,585	1.43
Director, curriculum	4	28,620	1.66
Assistant superintendent	3	32,590	1.89
Associate superintendent	2B	36,000	2.09
Deputy superintendent	2A	[2] 38,000	2.20
Vice superintendent	1B	[2] 40,000	2.32
Superintendent	1A	[3] 45,500	2.64

[1] Service step 13.
[2] Limited to $36,000.
[3] Limited to $40,000.

V. PROPOSED INCREASE TIED TO COST OF LIVING

Recently, considerable emphasis has been placed by employee organizations on direct application of the cost of living to provide the basis for salary adjustments and that cost of living be the sole determinant for future adjustments as the Consumer Price Index reaches certain percentage levels. The District Government cannot place itself in a position concerning salary adjustments which would commit it to cost of living or to comparability depending on which system equates more favorably for employees and would provide the higher increase in any particular year. Appendix 1 to this report provides a discussion on the problems involved in using the Consumer Price Index as a sole indicator as presented in a recent article in the April 27, 1974, issue of Business Week. This report states "as more and more people seek protection from the ravages of inflation—the CPI showed a 1.1 percent rise just last month—the importance of the indexes will increase. And the spotlight will shine more brightly on their long known deficiencies:

Neither index (the Consumer Price Index or the Wholesale Price Index) adequately reflects changes in the quality of goods.

The CPI fails to pick up changes in how consumers allocate their consumption dollars; it still uses the 1963 "market basket" in 1974.

Both indexes, but the WPI in particular, rely heavily on list prices rather than the actual prices paid.

In neither index is the coverage of the consumer population and the industrial sectors and products broad enough to show an accurate picture."

The article went on to indicate that these shortcomings "may show inflation rising too fast at times and too slowly at other times and that right now most price analysts and economists maintain that the rate of inflation is being overstated."

A study prepared by the D.C. Personnel Office indicates that of 23 large cities, just four reported basing teacher pay adjustments on cost of living changes and among the five local suburban jurisdictions responding to the survey questionnaire, two reported using the cost of living as a basis for setting pay for its teachers. We believe that the 10 percent adjustment proposed by the District Government does not ignore the impact of increases in the cost of living on our teachers. On the other hand it is not the sole indicator for our salary recommendation.

Financing Alternatives for the Police and Fire Retirement System

(A Report on Options under Consideration by The District of Columbia Government, Office of Budget and Financial Management, April 25, 1974)

INTRODUCTION

The District of Columbia Government has been examining several options for placing the City's retirement programs on a sound actuarial basis. Analysis of these alternative financing approaches has been conducted with the assistance of Mr. Cedric Kroll, Government Actuary with the U.S. Treasury Department. Although this report concentrates primarily on the Police and Fire Retirement System, an analysis of financing alternatives for the Teachers Retirement System is also under way. The main purpose of this report is to set forth the retirement financing approaches under consideration at this time, using the police and fire system to illustrate their potential implications. A formal recommendation on the financing of both systems—Teachers as well as Police and Fire—will be made by the District Government after the Executive Branch has completed its review of available options. By examining the relative merits of each option and discussing the tradeoffs among them, we hope to clarify some of the complex questions that must be addressed by the Executive and Legislative branches prior to selecting a realistic financing strategy.

OVERVIEW OF RETIREMENT FINANCING ISSUE

The issue of retirement financing centers on two closely related fiscal responsibilities: (1) meeting a City obligation to provide retirement benefits for former employees, and (2) establishing a fiscally responsible and actuarially sound financing plan to cover the cost of these commitments. The current method of pension financing, the *pay-as-you-go approach*, does not offer a means of funding future retirement benefits in advance. Under this method, the full burden of pension annuities is placed on the annual budget after employee retirements take place. In contrast, *actuarially funded* retirement systems create reserves during periods of active employment to offset the cost of pension payments when retirement eligibility is ultimately reached. Thus, funded alternatives offer a way of financing at least a portion of future retirement benefits while employees are working instead of deferring the entire obligation until pensions fall due.

a. Trends in Benefit Payments

During the past five years (FY 1969–1974), total police and fire annuity costs have doubled from $20.2 million to $42.1 million, representing an annual increase of 16 percent. Over this same period, the overall District operating budget has grown nearly 12 percent each year. Police and fire retirement costs, therefore, have risen about one-third faster than the total City budget over the past five years.

Through the balance of this decade, police and fire retirement costs will continue to experience steady growth in absolute terms, as well as in relation to payroll costs for active police and fire employees. Assuming annual pay raises of 5 percent, benefit payments will reach the $60 million mark by FY 1980, an increase of 70 percent over the current level. During this same five year period, the cost of pension benefits will rise from the present rate of 50 percent of police and fire payroll to nearly 56 percent in FY 1980. The continuing trend of retirement costs advancing in relation to payroll will finally make police and fire pension payments more costly than active member salaries by 2007. Eventually, pension benefits are expected to stabilize at a cost about 16 percent higher than annual payroll requirements. Exhibit I shows payroll and retirement annuity costs through FY 1978 and in selected years thereafter.

b. Trends in Accrued Liability

Whenever an active employee earns another year of service toward retirement eligibility, the increment of future retirement benefits generated by that additional year of service is credited to the employee. The sum total of incremental retirement benefits earned by all members of a retirement system because of accumulated past service credits is termed "Total Accrued Liability." In this respect, total accrued liability is analogous to a jurisdiction's outstanding debt, since each represents a long-term contractual obligation with payment guaranteed in future years. Accrued liability is an important retirement financing concept because it reveals the amount that should be reserved to meet previously earned benefits of the retirement system as they fall due. Any portion of this outstanding liability that

is not held in reserve is called "Unfunded Liability." Thus, a system's unfunded liability indicates the amount that has not been put into a fund to help pay retirement benefits that have already been earned.

Since the District's Police and Fire Retirement System is completely unfunded, total accrued liability equals unfunded liability. Recent projections place the system's total accrued liability at $582 million by the end of FY 1975 (assuming a 7 percent discount rate). During the next ten years, total accrued liability can be expected to advance at an annual rate of 9 percent if police and fire wage increases continue to average 5 percent each year. Under these conditions, the unfunded liability of the police and fire retirement system would surpass the 1 billion mark in seven years (FY 1982), assuming no action is taken to finance the system on an actuarially funded basis. Exhibit I lists total accrued liabilities projected for the system over short, intermediate, and long-term periods.

Actuarial Considerations

Developing actuarilly sound financing alternatives hinges upon the selection of realistic assumptions governing a number of important actuaria considerations. These assumptions play a vital role in the formulation of retirement financing policies because future pension costs and annual retirement contributions to the fund are directly influenced by such critical economic factors as prevailing price trends, salary increases and the rate of return expected on fund investments. As reported in the actuarial valuation performed by the U.S. Treasury Department, for example, a funded retirement system would not be financially sound if future police and fire wage rates were to continually outpace the growth in fund interest earnings. Thus, the choice of actuarial assumptions can have a profound effect on the financing alternative ultimately adopted.

In constructing the options discussed in this report, the original assumptions contained in the Treasury Department's December 31, 1971 actuarial valuation were adjusted to bring them more in line with recent economic trends. Police and fire wage levels were assumed to increase at an annual rate of 5 percent in keeping with actual experience over the past 25 years. Although pay increases are not awarded annually, the long-term rate of growth in police and fire wages has averaged 5 percent each year. Increases in the cost-of-living were also set at 5 percent per year to reflect the average annual change in the Washington area Consumer Price Index since 1969. Employee contributions were set at the current rate—7 percent of salary—in keeping with the objective of basing projections on present retirement policies. This assumption is important in funded approaches because the sum total of employee and employer contributions determine total financing costs and the amount of fund reserves set aside each year. Finally, the interest assumption on fund earnings was established at an annual rate of 7 percent to follow more closely recent developments in the financial securities market. In addition, the District Government also plans to conduct an analysis of financing options based on a more conservative 6 percent interest assumption in the event that long-term market trends fall below their present levels.

Alternative Financing Options

The District of Columbia Government is actively considering three financing alternatives for placing the Police and Fire Retirement System on a solid financial footing. All three options are intended to create a fund reserve based on accepted actuarial principles, thus satisfying the financing standards normally associated with sound retirement administration.

The approaches under consideration provide for varying degrees of Federal participation in the establishment of the retirement fund over fixed periods of time. They recognize the District of Columbia's unique position in the Federal structure and the close Federal-District partnership that has been an intrinsic part of the legislative history of the Police and Fire Retirement System. Moreover, in relying upon Federal support to create a retirement fund, these approaches parallel earlier commitments made by the Federal Government involving the transfer of jurisdiction over existing retirement systems to other governmental units. In addition to these precedents, Congress has provided substantial support for the Civil Service and Foreign Service retirement systems when earlier financing arrangements failed to satisfy minimal funding requirements. In FY 1974, for example, the Federal Government will make available more than $2 billion above the normal matching contributions to maintain the financial position of these retirement funds.

Three separate financing options are described in this section: (1) Level Percentage Approach, (2) Normal Cost Approach with Federal liquidation of the initial unfunded liability, and (3) Normal Cost Approach with joint Federal-

District liquidation of the initial unfunded liability. Because each of these approaches has a direct impact on Federal appropriations, the options first must be cleared by the Office of Management and Budget before retirement financing legislation can be officially introduced by the District Government.

OPTION 1—LEVEL PERCENTAGE APPROACH

Description.—Under the Level Percentage Approach, annual contributions to the retirement fund are set at a constant fraction of police and fire payroll costs. Actuarial projections show that 86.8 percent of police and fire payroll would have to be placed into the fund annually to meet the funding requirements of this financing method. This percentage amount is in addition to employee contributions of 7 percent of payroll which are also an essential element in the financing arrangements. The 86.8 percentage level was computed on an actuarial basis so as to establish a fund that will meet future retirement liabilities indefinitely through combination of fund earnings and annual contributions. Thus, by following this approach, all present and future retirement benefits will be honored as they fall due without annual employer contributions ever exceeding a specified fraction of the police and fire salary costs.

Cost Sharing Arrangement.—Under this option, the District share of the cost of building up the fund would essentially be the pay-as-you-go amount. In FY 1976, District pay-as-you-go costs are projected at about 43 percent of payroll. Since the total funding requirement is set at a higher level, the Federal contribution would simply make up the difference between the District's 43 percent share and the 86.8 level percentage of payroll. The Federal contribution would cease in about 27 years when the District's pay-as-you-go cost finally reaches the level percentage amount. Thereafter, the District would assume the full financing responsibility on a level percentage basis.

Exhibit II shows the annual cost of the Level Percentage Approach in selected years and the respective share of the cost borne by the District and Federal Governments. The Federal contribution would begin in FY 1976 at $38.6 million (44% of payroll). Then, as District pay-as-you-go contributions increase each year, Federal costs would gradually decline as a percentage of payroll. In absolute terms, however, the Federal share of total funding requirements would actually increase for several years before dropping off, since payroll costs are assumed to grow 5 percent annually. A final Federal contribution of $.1 million would come in fiscal year 2003. The total Federal commitment over the 27 year period FY 1976–2003 would be $1,113.4 million, which in present value terms amounts to $517.5 million.

Advantages. The Level Percentage Approach provides a conceptually straightforward method of computing annual employer contributions into the retirement fund. For this reason, future retirement contributions can be planned well in advance, at an amount that will gradually increase at the same annual rate as total police and fire payroll costs. This approach facilitates sound fiscal planning because retirement contributions parallel police and fire wage trends and thus do not experience erratic, unanticipated fluctuations which strain the resource base of local jurisdictions. Moreover, this option offers the most equitable treatment of taxpayers since retirement contributions are set at a constant percentage of payroll costs. Thus, future taxpayers do not bear a larger proportionate share of retirement costs as they do under the pay-as-you-go system. The fund created through this method ultimately stabilizes at a level nearly 12 times payroll costs, which provides a high degree of financial security for future pension benefits. Finally, this approach phases in the District Government's assumption of full retirement financing responsibility over a 27 year period, thereby reducing the immediate, short-term dislocations that would invariably result from excessive start-up costs.

OPTION 2—NORMAL COST APPROACH

(Federal Liquidation of Initial Unfunded Liability)

Description.—"Normal Cost" is the amount that should be placed in reserve each year to meet new retirement liabilities which have accrued during the year. The Normal Cost Approach is designed to establish a funding reserve by paying full "normal cost" (which amounts to 11.3 percent of payroll on a static salary basis) each year and by amortizing over 30 years any additional liabilities resulting from pay raises, benefit changes and other plan amendments. The basic normal cost plus amortization approach provides a sufficient fund for liabilities accruing currently and in the future but does not address the problem of the initial unfunded liability. To resolve this problem, which developed over a long history of inadequate funding, this option calls for Federal liquidation of the initial un-

funded liability over a 30 year period. This means that after 30 years the system would no longer carry any outstanding unfunded liabilities.

Cost Sharing Arrangement.—The District's share of the financing responsibility under this option is the payment of full normal cost (11.3 percent of police and fire payroll) each year plus any contribution needed to amortize additional currently accruing liabilities. The Federal contribution is the complete liquidation of the $582 million initial unfunded liability over a 30 year financing period.

Exhibit III presents a cost breakdown of the District and Federal contributions under this financing option. Retirement contributions of the District Government would begin at $18.4 million in FY 1976 and would increase each year as annual normal and amortization requirements continue to mount. The Federal cost under a level payment liquidation schedule would be $45.3 million a year for 30 years, beginning in FY 1976 and ending in FY 2005. The total Federal contribution would amount to $1,359 million over the 30 year period which is equivalent to $582 million in present value terms.

Advantages.—The normal cost approach is the retirement financing method most frequently used by public and private employers across the country. In addition, the option described above fully complies with the minimum financing standards recently approved by both houses of Congress as part of national pension reform legislation. Clearly, the most attractive feature of this approach is the complete funding of the present total accrued liability of the system in 30 years. Furthermore, this option places the District Government's financing commitment on an actuarially sound basis with responsibility for funding all current and future liabilities of the system. The fund reserve established by this approach guards against the future creation of unfunded liabilities and ultimately levels off at approximately six times annual police and fire payroll costs.

OPTION 3—NORMAL COST APPROACH

(Federal/District Liquidation of Initial Unfunded Liability)

Description.—The basic concept behind this option is identical to the approach described in OPTION 2. However, under this alternative, the District and Federal Governments would jointly share responsibility for liquidating the initial unfunded liability.

Cost Sharing Arrangement.—The District Government would continue to meet its normal cost requirements as spelled out in OPTION 2. In addition, the District Government would offset the Federal contribution toward liquidating the initial unfunded liability by placing into the fund the annual difference between normal cost and amortization requirements and the full pay-as-you-go amount. Since normal cost plus amortization payments fall below pay-as-you-go costs during the period set aside for liquidating the initial unfunded liability, the District essentially would be contributing pay-as-you-go costs and applying the difference to reduce the Federal share of total liquidation requirements.

Exhibit IV shows the annual contribution schedules for the District and Federal Governments. The annual District contribution is *equivalent to pay-as-you-go costs during the first 30 years* (FY 1976–2005). Thereafter, District retirement contributions drop back to the annual normal cost and amortization requirement contained in OPTION 2. The Federal contribution would begin at $26.1 million in FY 1976, gradually build up to $31.2 million by FY 1990, and then would begin dropping off to a final payment of $14.3 million in FY 2005. The total Federal commitment would be $763.9 million over 30 years for a total present value cost of $331 million. Fund accumulation under OPTION 3 is identical to the fund data reported for OPTION 2 because total contributions into the fund each year are the same.

Advantages.—The advantages listed for OPTION 2 apply to OPTION 3 as well. Although District Government contributions are greater under OPTION 3, this is balanced by the fact that Federal contributions on an annual and total cost basis are sharply reduced.

COMPARISON OF FINANCING ALTERNATIVES

Exhibit V summarizes the key features of the financing options outlined in this report and provides a systematic approach for comparing the financial implications of each. In assessing the feasibilty of alternative financing strategies, each option should be evaluated in terms of its impact on three critical variables: (a) District contributions, (b) Federal contributions, and (c) fund accumulation. These important considerations are reviewed separately below.

a. District Contributions.

The overall cost of each alternative to the District Government is a key area of concern because retirement programs compete for a share of total District funds with many other pressing needs of the City. Thus, the immediate impact of the alternative financing approaches on the District budget as well as the budgetary implications over the long haul should be examined before reaching a final decision on this issue.

Focusing on the "D.C. Cost" columns of Exhibit V reveals the net cost to the District associated with each option currently under consideration. Over the first 30 years, OPTION 2 clearly provides the least costly approach to setting up the retirement fund. The reason is that OPTION 2 requires the highest level of Federal support to place the system on a sound financial footing. Between FY 1976 and FY 2002, OPTION 2 would actually save the City approximately $500 million over the other financing approaches. These savings would then be available to meet high priority needs in other areas.

During the first 25 years, the current method as well as OPTIONS 1 and 3 follow the same basic financing schedule since the District's contribution under each is based on the pay-as-you-go formula. However, varying levels of Federal support among these approaches will result in different District cost patterns when Federal financial assistance comes to an end.

After Federal retirement contributions cease, the Current Method, which does not provide for Federal support, is always the most costly approach, while OPTION 1 becomes the least expensive way to maintain the actuarial position of the retirement system. Beyond fiscal year 2005, OPTIONS 2 and 3 demand equal District contributions since both alternatives conform to the basic normal cost plus amortization approach once the initial unfunded liability has been fully liquidated. However, these normal cost alternatives eventually become increasingly more costly in comparison to OPTION 1 because smaller amounts are deposited in the fund each year throughout the Federal contribution period. Thus, in the year 2020, for example, OPTION 1 would cost the District an estimated $682.8 million, whereas OPTIONS 2 and 3 would require a $752.4 million contribution, nearly $70 million above the cost of OPTION 1.

Another way to evaluate District retirement costs is to determine the most desirable approach based on the tradeoffs associated with alternative cost patterns. If the District were to follow the pay-as-you-go contribution schedule, OPTION 1 would clearly offer the most preferred alternative. This results from the fact that the Current Method and OPTION 3, which are also based on the pay-as-you-go formula, necessitate higher contributions in subsequent years. However, a much more difficult tradeoff is faced when comparing District costs under OPTION 2 with the other options. Although OPTION 2 becomes increasingly more expensive than OPTION 1 after Federal support ends, it could save the District over $500 million during the early years of the fund. Since these savings could be used to meet other high priority needs of the District Government, it is less certain which of these two options would be preferable over the long term.

b. Federal Contributions

The bottom of Exhibit V contains summary information on the cost of alternative retirement financing options to the Federal Government. These rows show the total Federal commitment required by each of the financing options and account for differences in the timing of Federal contributions by transforming total cumulative costs into their present values. These two cost items—total contributions and their value in present terms—provide the most useful means of analyzing the level of Federal participation in establishing a retirement fund.

The Current Method does not provide for any Federal support and therefore does not request any retirement contributions from the Federal Government. However, it should be emphasized that the Current Method would not build up reserve assets to help meet future retirement benefits and would leave the system in a poor financial and actuarial position.

Ranking the funded options in order, from the lowest Federal cost to the highest, results in OPTION 3 being the least costly alternative followed by

OPTION 1 and OPTION 2. OPTION 3 is by far the least expensive from the Federal standpoint, both on a total cost and present value basis. This method would involve a $763.9 million dollar contribution by the Federal Government over a 30 year period, thus making it 31 percent less costly than OPTION 1 and 44 percent below OPTION 2. In present value terms, OPTION 3 would cost $331 million, 36 percent below OPTION 1 and 43 percent below OPTION 2.

OPTION 2, which calls for Federal liquidation of the initial unfunded liability, has the highest level of Federal support reported in Exhibit V. This approach would bring the total Federal commitment over the 30 year financing period to nearly $1.36 billion. This cumulative amount exceeds the total $1.11 billion OPTION 1 cost by an additional 22 percent. On a present value basis, OPTION 2 would constitute a $582 million Federal contribution, roughly 12 percent over the $517.5 million present value cost required in OPTION 1.

c. Fund Accumulation

The ultimate size of the retirement fund is an important consideration in selecting a financing alternative because it provides a means of securing retirement benefits during severe fiscal periods. The main argument against the Current Method of retirement financing is that it does not build a pension reserve to be used for this purpose. To assure sufficient funding to carry a system through difficult financial circumstances, many private and public employers set their funding objectives on the ultimate level of fund reserves desired when the system reaches maturity. Also, fund accumulation objectives are often set in relation to anticipated payroll levels which, in turn, provides a convenient benchmark for comparing alternative financing approaches.

OPTION 1 provides the largest funding reserve both in absolute terms and as a multiple of future payroll costs as well. When the Police and Fire Retirement System ultimately stabilizes, fund accumulation under OPTION 1 reaches a level of 11.8 times payroll as reported in Exhibit V. Since OPTIONS 2 and 3 involve the same total contribution each year, fund accumulation patterns under both options are equal. The size of the fund ultimately stabilizes at 6 times payroll, or roughly one-half the level of assets accumulated under OPTION 1. The chief reason for the large variations in fund growth between OPTION 1 and the two normal cost options is the comparatively high contribution pattern required under OPTION 1 in the early years of the fund. Comparing the "Total Cost" columns of Exhibit V shows that OPTION 1 exceeds the annual cost of OPTIONS 2 and 3 every year through FY 2000. These additional funding reserves, combined with the interest earnings on them, account for the large disparity in ultimate fund accumulation.

EXHIBIT I

DISTRICT OF COLUMBIA METROPOLITAN POLICE AND FIRE RETIREMENT SYSTEM (5 PERCENT SALARY AND COST-OF-LIVING INCREASES, 7 PERCENT INTEREST OF FUND INVESTMENTS)

[In millions of dollars]

Fiscal year	Active payroll	Annuities plus refunds	Employee contributions	District of Columbia pay-as-you-go costs	Total accrued liability
1975					582.0
1976	87.9	43.7	6.1	37.6	631.2
1977	91.6	47.6	6.4	4.12	683.3
1978	96.2	51.5	6.7	44.8	738.9
1979	101.6	55.7	7.1	48.6	798.5
1980	107.7	60.0	7.5	52.5	862.4
1985	145.9	86.5	10.2	76.3	1,262.2
1990	192.5	125.6	13.5	112.1	1,879.4
1995	243.8	183.6	17.1	166.5	2,597.1
2000	302.6	264.9	21.2	243.7	3,585.0
2005	380.3	369.7	26.6	343.1	4,832.3
2020	786.7	892.6	55.1	837.5	10,866.1
2040	2,087.4	2,446.7	145.1	2,300.6	28,755.5
2050	3,400.2	3,948.8	238.0	3,710.8	46,688.5

Source: U.S. Treasury Department.

EXHIBIT II

OPTION 1—LEVEL PERCENTAGE APPROACH

[Dollar amounts in millions]

	Total cost	District of Columbia share	Federal share	Fund accumulation	
				Amount	Multiple of payroll
Fiscal year:					
1976	76.2	37.6	38.6	40.0	0.5
1977	79.5	41.2	38.3	82.5	.9
1978	83.5	44.8	38.7	128.3	1.3
1979	88.2	48.6	39.6	178.3	1.8
1980	93.5	52.5	41.0	233.2	2.2
1985	126.6	76.3	50.3	602.2	4.1
1990	167.0	112.1	54.9	1,164.8	6.1
1995	211.6	166.5	45.1	1,936.3	7.9
2000	262.6	243.7	18.9	2,900.0	9.6
2005	330.0	330.0	----	4,072.6	10.7
2020	682.8	682.8	----	9,442.1	12.0
2040	1,811.6	1,811.6	----	24,553.8	11.8
2050	2,950.9	2,950.9	----	39,530.2	11.8
Total Federal share			1,113.4		
Present value—Federal share			517.5		

Note: 5 percent salary and cost of living increases, 7 percent interest on fund investments.

Source: U.S. Treasury Department.

EXHIBIT III

OPTION 2—NORMAL COST APPROACH—FEDERAL LIQUIDATION OF UNFUNDED LIABILITY

[Dollar Amounts in Millions]

	Total cost	District of Columbia [1]	Federal [2]	Fund accumulation		Unfunded liability
				Amount	Multiple of payroll	
Fiscal year:						
1976	63.7	18.4	45.3	27.0	0.3	579.9
1977	66.9	21.6	45.3	55.3	.6	569.3
1978	69.4	24.1	45.3	85.5	.9	562.2
1979	74.3	29.0	45.3	117.8	1.2	554.7
1980	78.3	33.0	45.3	152.7	1.4	546.6
1985	105.6	60.3	45.3	375.2	2.6	496.9
1990	143.3	98.0	45.3	698.8	3.6	427.2
1995	194.4	149.2	45.3	1,140.5	4.7	329.4
2000	263.6	218.3	45.3	1,711.3	5.7	192.3
2005	357.4	312.1	45.3	2,455.9	6.5	0
2020	752.4	752.4	----	5,062.4	6.4	----
2040	2,108.7	2,108.7	----	12,643.5	6.1	----
2050	3,433.9	3,433.9	----	20,541.9	6.0	----
Total Federal share			1,359.0			
Present value—Federal share			582.0			

[1] Normal cost plus a mortization payment.
[2] Liquidation of unfunded liability.

Note: 5 percent salary and cost of living increases, 7 percent interest on fund investments.
Source: U.S. Treasury Department.

EXHIBIT IV

OPTION 3—NORMAL COST APPROACH—FEDERAL AND DISTRICT OF COLUMBIA LIQUIDATION OF UNFUNDED LIABILITY

[Dollar amounts in millions]

	Total cost	District of Columbia	Unfunded liability payment	Federal share	District of Columbia share	Total District of Columbia cost
Fiscal year:						
1976	63.7	18.4	45.3	26.1	19.2	37.6
1977	66.9	21.6	45.3	25.7	19.6	41.2
1978	69.4	24.1	45.3	24.6	20.7	44.8
1979	74.3	29.0	45.3	25.7	19.6	48.6
1980	78.6	33.3	45.3	26.1	19.2	52.5
1985	105.5	60.3	45.3	29.3	16.0	76.3
1990	143.3	98.0	45.3	31.2	14.1	112.1
1995	194.4	149.1	45.3	27.9	17.4	166.5
2000	263.6	218.3	45.3	19.9	25.4	243.7
2005	357.4	312.1	45.3	14.3	31.0	343.1
2020	752.4	752.4				752.4
2040	2,108.7	2,108.7				2,108.7
2050	3,433.9	3,433.9				3,433.9
Total Federal share				763.4		
Present value—Federal share				331.0		

[1] Normal cost plus amortization payment.

Note: Fund Accumulation and unfunded liability data as option 2. Five percent salary and cost of living increases, 7 percent interest on fund investments.

Source: U.S. Treasury Department.

EXHIBIT V

COMPARISON OF FINANCING ALTERNATIVES—METROPOLITAN POLICE AND FIRE RETIREMENT SYSTEM (5 PERCENT SALARY AND COST OF LIVING INCREASES, 7 PERCENT INTEREST ON FUND INVESTMENTS)

[Dollar amounts in millions]

Fiscal year	Current method				Option 1					Option 2					Option 3				
								Fund					Fund					Fund	
	Total cost	District of Columbia cost	Federal cost	Fund balance	Total cost	District of Columbia cost	Federal cost	Amount	Fund—pay	Total cost	District of Columbia cost	Federal cost	Amount	Fund—pay	Total cost	District of Columbia cost	Federal cost	Amount	Fund—pay
1976	$37.6	$37.6	0	0	$76.2	$37.6	$38.6	$40.3	.5	$63.7	$18.4	$45.3	$27.0	0.3	$63.7	$37.6	$26.1	$27.0	0.3
1977	41.2	41.2	0	0	79.5	41.2	38.3	82.5	.9	66.9	21.6	45.3	55.3	.6	66.9	41.2	25.7	55.3	.6
1978	44.8	44.8	0	0	83.5	44.8	38.7	128.3	1.3	69.4	24.1	45.3	85.5	.9	69.4	44.8	24.6	85.5	.9
1979	48.6	48.6	0	0	88.2	48.6	39.6	178.3	1.8	74.3	29.0	45.3	117.8	1.2	74.3	48.6	25.7	117.8	1.2
1980	52.5	52.5	0	0	93.5	52.5	41.0	233.2	2.2	78.3	33.0	45.3	152.7	1.4	78.6	52.5	26.1	152.7	1.4
1985	76.8	76.3	0	0	126.6	76.3	50.3	602.2	4.1	105.6	60.3	45.3	375.2	2.6	105.6	76.3	29.3	375.2	2.6
1990	112.1	112.1	0	0	167.0	112.1	54.9	1,164.8	6.1	143.3	98.0	45.3	698.8	2.6	143.3	112.1	31.2	698.8	3.6
1995	166.5	166.5	0	0	211.6	166.5	45.1	1,936.3	7.9	194.4	149.1	45.3	1,140.5	4.7	194.4	166.5	27.9	1,140.5	4.7
2000	243.7	243.7	0	0	262.6	243.7	18.9	2,900.0	9.6	263.6	218.3	45.3	1,711.3	5.7	263.6	243.7	19.9	1,711.3	5.7
2005	343.1	343.1	0	0	330.0	330.0	0	4,072.6	10.7	357.4	312.1	45.3	2,455.9	6.5	357.4	343.1	14.3	2,455.9	6.5
2020	837.5	837.5	0	0	682.8	682.8	0	9,442.1	12.0	752.4	752.4	0	5,062.4	6.4	752.4	752.4	0	5,062.4	6.4
2040	2,300.6	2,300.6	0	0	1,811.6	1,811.6	0	24,553.8	11.8	2,108.7	2,018.7	0	12,643.5	6.1	2,108.7	2,108.7	0	12,643.5	6.1
2050	3,710.8	3,710.8	0	0	2,950.9	2,950.9	0	39,530.2	11.8	3,433.9	3,433.9	0	20,541.9	6.0	3,433.9	3,433.9	0	20,541.9	6.0
Federal share, total			0				1,113.4					1,359.0					763.9		
Federal share, present value			0				517.5					582.0					331.0		

Source: U.S. Treasury Department.

Mr. DELLUMS. Mr. Broyhill.

Mr. BROYHILL. I would like to make a brief comment and in order to conserve the time of the committee, I have a prepared statement for the record.

STATEMENT OF HON. JOEL T. BROYHILL

H.R. 13970

Mr. BROYHILL. Let me summarize H.R. 13970. Basically, it provides the same identical increase for the retired District of Columbia schoolteachers prior to October 20, 1969, the same increase that this Congress provided for not just the classified employees of the District of Columbia government, but all classified employees.

This bill—actually, what we have taken provides for a minimum annuity or what that minimum annuity for the District of Columbia schoolteachers who are retired prior to October 20, 1969, would be equivalent to the minimum amount the Congress provided for social security, which is $90.50 and is scheduled to go up in June to $90.80.

Congress determined that to be the minimum annuity a beneficiary would be entitled to. We thought that was such a low minimum, so certainly we should provide for retirees of the Federal Government as well as the District government who retired prior to October 20, 1969.

It also provides for a surviving child of the annuitant to be the equivalent of the minimum provided for social security beneficiaries and if there is more than one surviving child.

It also provides for a flat dollar increase for those retired prior to October 20, 1969.

It is $132 a year for his or her surviving spouse. The rationale for that flat dollar increase—because in October of 1969 we changed the method of computing the annuity and the same thing for the District of Columbia schoolteachers.

Instead of using the 5-year average provided for that, it is the same as provided for the classified employees of the District government, and because those who retired after October 20, 1969, could have a more liberal annuity because they could use a compressed schedule, the Congress felt it no more than fair to go back after 5 years and take care of those who unfortunately had to retire prior to the time we liberalized that bill.

It is a model amount. It is $240 a year. Historically, the Congress has always provided the same general changes in the annuities for the District of Columbia school teachers that have been provided for the District of Columbia classified employees.

Mr. Weinberg pointed out that was a pretty bad precedent and said we would like to get out of that routine and judge it on its merits.

But, as we get out of that—and I think it is up to the District of Columbia government to get us out of it, particularly under the home rule proposals, but this is a vast precedent for the Congress to have to abolish at this time. Maybe the District government can do it under the new home rule regime, because they will have the classified employees under a different schedule, whether they do it automatically or not.

Until that authority has been passed on, Mr. Chairman, it is still our responsibility to make sure that we do the things in a fair and equitable way for all employees who come under the jurisdiction of this committee.

I think it would be most unfortunate if we took the position for the first time and just before we gave the District self-determination, we failed to take care of those teachers who retired prior to October 20, 1969 in the same way we did for the employees of the District government that retired prior to October 20, 1969.

You say you are opposed to it, Mr. Weinberg. With an estimate of $290,000 for fiscal year 1975—and I don't criticize you for recognizing the cost factor here and the amount of dollars you have to deal with and I said that before when I addressed myself to Mayor Washington, but it does seem to me that $292,000 out of a $1 million budget is a rather small and insignificant amount, let us say, to break a precedent we have followed, and the District government and Congress has followed, and what we are talking about is $90.50 per month.

Incidentally, that is the maximum that they can receive under the provisions of this bill in that you would have to consider any annuities you are receiving from the D.C. Teacher's Fund or any other annuity cannot exceed $90.50.

If they have an annuity, they will not receive less thsn $90.50 under this bill. We are talking about the people at the bottom of the pole. We are talking about the school tecaher who has no social security, no other annuity or certainly no other annuity that would not exceed $90.50.

It is less than what they need to live on. I didn't set that amount. I copied the bill from the existing law that we passed for all other employees and the Committee on Ways and Means pointed out establishing the minimum amount of social security.

If that retired teacher happens to have any social security at all, this bill wouldn't help him. He would only get a $90.50 minimum under the existing social security law. I agree with you, Mr. Chairman, that the problem of this committee getting into and setting rates and salaries when we know that the people of the District of Columbia are going to have the authority to do it themselves next year, but I don't think we can wait until January 1 next year to take care of the school teachers.

Certainly, a whole new government will be established by that time and what we do in that area will have to be done several months later, with retroactive provisions.

Most certainly, I do not think that we should break the precedent in the twilight of congressional control over the D.C. government insofar as these retired school teachers who are receiving less than what any of us would consider a bare minimum.

Mr. WEINBERG. The District's position was to sponsor H.R. 13990 as a whole with two provisions. One deals with minimum benefits in approximately 30 cases that would fall into rates below $90.

The city certainly understands the difficultils of these people and it was not our intention not to in some way relieve some of that financial problem.

COST

Our problem with the bill is not with that part. It was basically that part dealing with the minimum amount of $240 per year in annuity increases and that is where the impact of cost comes.

That would run about $288,000 per year, but I think the more important aspect is that this cost would increase to $390,000 over a period of years.

This was our concern. I think that if the two issues were dealt with separately in the bill, it would certainly be one we would not be opposed to. It is the more expensive area, the increase in the annuity of $240.

Mr. BROYHILL. When the Congress passed it for retired classified employees, the Civil Service Retirement Fund would have to bear that.

Mr. WEINBERG. There has been a precedent. Our position is that we are not opposed to this. What we are opposed to is that we keep changing. One gets one benefits and we have to amend the Teachers' Retirement Act.

There is no considerable difference between the two retirement systems. It would appear that one group of employees enjoyed increased benefits and retirement privileges. There is such a small difference that these groups should be merged.

Basically, that is the provision that we are taking.

Mr. BROYHILL. I am not sure I understand you.

Mr. WEINBERG. We would want to study the merging of the two systems.

Mr. BROYHILL. But, if you oppose this bill and the Congress does not enact it, you would be merging them with the retired teachers percentage, which was lower at the time they were merged, so in the future they will get the percentage that will keep the gap that the gratuity would not?

Mr. WEINBERG. Yes. We would like to study a part of the problem with this position. If you remember, it was the fact that the U.S. Civil Service Commission opposed this for classified employees for several reasons.

When it was passed by the Congress, it was a classified rate and benefits were received from that legislation.

That one does provide benefits, we think, that should go to teachers and if it does, why not consider it in the context of merging the two systems?

Mr. BROYHILL. At the time we corrected the inequities?

Mr. WEINBERG. Yes.

Mr. BROYHILL. There is an inequity in my proposal already and that is that we don't provide for that activity. The classified employees of the District of Columbia retired prior to 1969 are receiving their benefits. I do not think I have the support of the D.C. government.

[The prepared statement of Hon. Joel T. Broyhill follows:]

STATEMENT OF HON. JOEL T. BROYHILL IN SUPPORT OF H.R. 13970

Mr. Chairman, I wish to express my appreciation to you for scheduling this hearing on the very important subject of salary increases and improved retirement benefits for the teachers and other professional employees of the District of Columbia Board of Education.

I wish to address myself first to the bill H.R. 13970, which I introduced on April 4. The purpose of this proposed legislation is to provide increased benefits for retired D.C. teachers, identical to those which have recently been approved for Civil Service retirees, designed particularly to improve the annuity structure for those retirees who presently are receiving inadequate annuity incomes.

The first provision of this bill will establish a floor, or minimum annuity level, for all retired District of Columbia teachers, equal to the minimum being paid under the Social Security system. Further, this minimum benefit will be increased in the amount of any future cost-of-living increases which may be provided for Social Security beneficiaries. At present, this minimum level is $90.50 per month, and it will increase in June to $93.80.

It is further provided that the monthly rate of annuity payable to a surviving child will also be not less than the minimum benefit paid under Social Security both now and in the future, or three times that minimum amount divided by the number of surviving children entitled to an annuity, whichever is the lesser.

The bill also provides that these minimum amounts shall not be paid to a retired teacher or a survivor who receives, in addition to his annuity under the D.C. Teachers' Retirement Act, any other annuity or retired pay from the United States or the District of Columbia governments which, when added to the annuity received under the Teachers' Retirement Act, equals or exceeds the minimum amount paid under the Social Security Act.

These assurances of minimum annuity incomes are obviously thoroughly justified at this time, in view of the rate of inflation with which the economy of our country is beset at the present time.

The other principal provision of H.R. 13970 will increase the annuities of all teachers in the District of Columbia public school system who retired prior to October 20, 1969, by $240 per year. Also, the annuity payable to the surviving spouse of a D.C. teacher, if based on a retirement prior to that same date, shall be increased by $132 per year.

The rationale for this additional annuity payment based upon a retirement date prior to October 20, 1969, is that effective on that date the D.C. Teachers' Retirement system was liberalized somewhat, and substantial improvements in benefits were provided for teachers retiring after that date. The major such improvement was a change in the basis for computation of a teacher's annuity, from the average of the teacher's highest 5 years of salary which was the practice up until that time, to the average of the teacher's highest 3 years of earning.

Because of this change, D.C. teachers who retired before October 20, 1969, have been receiving substantially lower annuities than have teachers of comparable salary placement who have retired since that time. Insamuch as all these retirees must face the same spiralling costs of living, for which even the more liberalized annuities are no more than adequate, it is my opinion that this additional $20 per month for the older retirees is thoroughly justified.

Historically, the Congress has kept the D.C. Teachers' Retirement system abreast of the Civil Service Retirement system as far as retirement benefits are concerned. The enactment of the bill H.R. 13970 into law will serve only to maintain this traditional equality, since every benefit provided in this proposed legislation for D.C. teacher retirees has been extended to classified employees retiring under the Civil Service Retirement Act in Public Law 93-273, which was approved on April 26, 1974.

Mr. Chairman, I wish to state also that I am strongly in favor of an increase in salaries for the teachers and other professional employees of the D.C. Board of Education at this time. These employees last had a modest increase in salaries in September of 1973, which served only to afford them an adequate income under the economic conditions which prevailed at that time.

It is estimated, however, that during the period of one year between September 1973 and September 1974, the cost of living inde in the Washington Metropolitan area will increase by at least 10 percent. Furthermore, the city's classified employees, as well as those of the Federal government, received an increase of some 4.8 percent in November of 1973, and are scheduled for another increase, apparently in excess of 5 percent, in October of this year, which will total an increase in classified salaries of at least 10 percent. As for comparability of D.C. teachers' salaries with those paid in certain other public school systems, I am advised that the present starting salary for a District teacher with a Bachelor's degree, which is $8,770, ranks first among such salaries in the Washington Metropolitan area and fifth among the other U.S. cities of comparable size. However, while these present comparative ratings are satisfactory from the standpoint of recruitment and retention of teachers in the D.C. system, I am certain that by the beginning of the coming school year there will be salary increases granted to teachers in many of these other jurisdiction,s for which reason the District's comparability position will suffer serious erosion unless we act now to assure an adequate increase in D.C. teachers' salaries.

I feel strongly that an increase in salaries for the District's teachers, at least equal to the total increase which the classified employees of the District of Columbia and Federal governments are receiving over approximately the same period of time, which I have referred to above, is necessary in simple equity to these essential personnel upon whom the educational system in our Nation's capital city depends.

Mr. Chairman, I urge prompt and favorable action upon this entire area of legislation for the benefit of the District of Columbia educational employees, both active and retired.

Questions to District of Columbia Government

Mr. Dellums. In the interests of time, the Chair would like to read the following questions and we would like to have information on them and ask our two distinguished witnesses to submit in writing responses to the following questions:

(1) Was the initial teachers' retirement system ever funded in the past? Why and how did this financing problem arise? What legal safeguards should be considered to preserve a sound fund here and after?

(2) How long have these operations been pending in the executive office and when can the committee reasonably expect that specific legislation will be available to act on?

(3) Because of the similarity between the funding problem of the teachers' retirement and that of police and firemen, does the city have any position on considering these in a single bill or a package bill?

(4) The testimony states that the teachers' retirement funds are held only in U.S. Treasury securities. Has the city considered legislation to expand the investments of these funds to increase the average yield on these moneys?

(5) The tables in the prepared statement use 7 percent estimated on fund investments. How does this compare with the current investment experience of other State and local jurisdictions? How would changes in the interest assumptions affect the amount contributed by the Federal Government?

(6) Please provide for the committee record: (a) A copy of the teachers' retirement plan; (b) an explanation of how annuities are currently determined and any cost-of-living or other escalators provided; and (c) an explanation of the disability retirement plan and the table on the percent on the total retirements which are disability for the last 5 years.

If we could get that information, we would appreciate it.

Mr. Weinberg. One clarification on the police and fire retirement. We will get that to you as soon as possible.

[The material referred to appears in the Appendix at p. 88:]

Mr. Dellums. We thank you both for your time.

Mr. Hogan. Could you give us some data? In your statement you indicated that the hours worked per week by the local teacher was 30 hours per week and less than that in the surrounding jurisdiction and I wonder if you would have the information? Do you know what it is in other jurisdictions?

Mr. Weinberg. Yes.

Mr. Hogan. And through all the other cities, maybe just a sampling, let us say, Atlanta, Baltimore, and Detroit and Seattle.

Mr. WEINBERG. We have all 29.
Mr. HOGAN. And the hours you will submit for the record?
Mr. WEINBERG. Yes.

COST OF LIVING

Mr. HOGAN. I would appreciate that. Going to the cost-of-living increase, you indicated that you had some concern with that. Do you happen to know recently where the Civil Service Commission has studied the issue of the cost of living?

At least not cost of living, but merit increase situations which may be a purveyor of what they may do across the board.

Do you know what they are doing in the area of pay? Whether they are talking in terms of future or cost-of-living increases?

Mr. WEINBERG. Right now, the Civil Service is studying the GAO plan. It is my understanding that the Commission is considering the possibility of pay set on a regional basis, rather than a nationwide basis.

You have great disparity. The pay in the South is much lower than it is in the North and you might find a secretary for the Federal Government makes more than a bank president somewhere else.

You may find in New York City that the present system cannot compete with the average salaries for a secretary in New York City.

It must provide additional rates to provide a higher rate of pay for those positions. This is the comparable on a regional basis.

POLICE AND FIRE PAY

Mr. HOGAN. Turning to the police and firemen's pay bill. Are you negotiating with the police union now?

Mr. WEINBERG. Well, we will be opening negotiations. We haven't gotten any funds as yet, but I would suspect that this would be considered shortly. I would say it would be considered shortly within the next 3 or 4 weeks.

Mr. HOGAN. And, as far as the hours are concerned, the 45 minutes you talked about in your statement, I assume that was one of your principal bargaining points?

Mr. WEINBERG. That is a principal bargaining point by the Board of Education.

Mr. HOGAN. The Chair talked about a question of putting the police and firemen pay bill and teachers' pay bill in a single package or individual package.

I assume it would not make any difference to the District how it is as long as it was handled—in other words, how the legislation was handled in the House of Representatives?

If it is ready to go, it goes, and your position would not vary whether they were handled as independent bills or part of the full package?

Mr. WEINBERG. That is why I would like to discuss with the Mayor a policy question. I could discuss it with him.

TEACHERS' CONTRACT

Mr. HOGAN. Finally, what is the general date, if you happen to know? What date do they normally send out contracts?

Mr. WEINBERG. The contract has been expired. The termination date of this contract now is March 31, and right now they have the provision which will allow continuation.

Mr. HOGAN. I am not talking about your contract with the union, but the individual contracts sent out to the teachers for the forthcoming school year. When are they normally sent out? I guess the Superintendent would be able to answer that question.

I have one further question, if I may. As far as your 10-percent pay is concerned, going to the effective date of January, if that were lower, but effective earlier and it could be helpful in recruiting—I assume you are talking about dollars and if the effective date were earlier, but the percentage worked out so that it were there as a recruitable tool, I assume it would not make any difference to the District?

Mr. WEINBERG. Dollars are the primary consideration in establishing the most effective salary level that we feel we need. Therefore, in order to get that $9,650 starting salary we felt it would be best to start that in January.

Certainly, if we had all the dollars we wanted, it still would have to be the same $9,650. That is the position we have taken based on our analysis.

To change that or lower it just to save dollars would be a prostitution of the policy we tried to use as a guide. We have had some problem with that.

Mr. HOGAN. Thank you, Mr. Chairman.

COLLECTIVE BARGAINING

Mrs. MARTIN. I have one question for clarification. In Chairman Dellums' bill, it lists four factors. Are you suggesting in your testimony that instead of specific factors that the city or the Congress should rely on collective bargaining to arrive at a salary?

Mr. WEINBERG. The collective-bargaining process takes into consideration both sides and tries to establish a position based on solid rationale.

The transfer of authority from statutes to the authority of the Council, I believe would pretty well set the question of pay as a collective-bargaining item.

If we are to operate like other cities, we hope that bargaining will take place before the budget is formulated so that we can deal with Mr. Coppie and know where the bargaining perimeters are and, hopefully, work through a process to come up with an equitable pay position.

I think one of the real attributes of collective bargaining is that management can ask for things in return.

I think that the fact that management asked for a longer schoolday as the union is asking for higher pay is the traditional bargaining pressure that goes on.

We had a very good bilateral negotiation. We got things we wanted and they got things they wanted. There may not be any greater productivity.

The collective-bargaining process allows us to make demands on unions as they make on us. I think that is a good relationship.

EFFECTIVE DATE OF PAY INCREASE

Mrs. MARTIN. The second question is very short and has to do with the startup date for the teachers' salary that is proposed by the city government and that is January 1975.

It is my understanding that the city government represented July 1974 and was the rationale for the difference.

Mr. WEINBERG. The last increase for police was May 1972. The teachers—the 12 percent the teachers received in two increases—there was a 7-percent increase in September of 1972 and a 5-percent increase at the beginning of the last school year, September 1973.

In this case, the comparative data that we had indicated that we were about 16th nationally and last locally in regard to salaries for policemen and firemen. It appeared to us sufficient justification to ask that the starting date be July. There has been no difference in the increase.

FUNDING THE RETIREMENT LEGISLATION

Mr. HOGAN. Mr. Coppie, on the retirement side of the picture, Mr. Weinberg indicated perhaps in light of the Self-Determination Act and the local government making many of these judgments in the future, might it not be well for the local government, however they view the level of the police department and resources or whatever level that should be maintained at, they should negotiate that required funding level with the Federal Government or the Congress whenever or after they take office in January of 1975. Would that not have some merit to it?

Mr. WEINBERG. Let me see if I understand the question. You say reductions in the numbers remaining?

Mr. HOGAN. The Mayor has projected something like 264 reductions in the size of the Metropolitan Police Department. If there are going to be further reductions, might not the requirement funding question be left with the local government to negotiate out with the Federal Government and the Congress when they take office to determine how this thing will be worked out in the future?

In other words, what you are doing is laying down the fact that a plan projected well into the future would bind the local government?

Mr. WEINBERG. Let me say this Mr. Hogan: This question is so sensitive that if the reduction in the force would be more advantageous to assure the stability of the fund, I would say well and good. If you are saying the possibility of delay to see what the ultimate size of the forces and then we should consider one of the several options Mr. Coppie is talking about with the Congress, we certainly would want to discuss it.

That would be a possibility, if I understand your question. If you are saying what an impact it will have, surely, I would say that the question of delay or waiting a little bit, that is one I would have to consider and discuss.

Mr. HOGAN. The point is that you are in a situation now that in the judgment of most there is no way in the world that the Federal Government—let us assume you had a retirement fund and you had to invest that fund. Wouldn't you have difficulty investing the funds in any kind of interest rate that would give you a return comparable to one that you would have to pay to the money you would have to put into the fund? I am talking about the local government and the Federal Government.

Mr. COPPIE. I think the answer to that is a detail we would have to look into. The larger question that you raised, I don't see any

advantage in delaying until the new government takes office in 1975.

I think, Mr. Hogan, this problem should have been addressed to the home rule bill so that the new government would have been left with the burden that these retirement systems would present.

I think any delay only increases the unfunded liability. I think we should attempt to resolve the problem before the new government takes office in 1975.

Mr. HOGAN. I think your position is identical with that of the ranking minority member. He would rather have the issue so that when the people voted on the charter, they would be advised as to what they are buying. I think he felt that if it were part of the home rule bill, everything would be voted on and you would have an informed electorate.

FEDERAL CONTRIBUTION

Finally, on the issue of percentages, here, normally, when we go to the floor, individuals remind the Members that when you talk about percentages as to what the Federal Government is supporting and what the District is supporting, they point out that 40 percent of the Federal funds of the District are paid for through the Federal payment.

Depending on how you look at that, whether it is in lieu of taxes or what, if that 40 percent were computed by another Congressman, he might arrive at a different percentage.

Mr. COPPIE. I think that the retirement funding plan should be considered independent of the city's Federal payment to finance its on-going operations. I think that is the position of the city.

Mr. DELLUMS. Thank you.

TEACHERS

Mr. CLAIR. I would like to go back to being competitive with other areas. I noted that the school system stated they were unable to find teachers in special education. One of the dialogs between your department and the school with reference to salary schedules that would allow teachers to fill the positions.

Mr. Weinberg. I have talked to the superintendent and members of the board and staff people concerning the salary proposal that the city had.

The discussions that we had were, I guess, mutual agreement that the school system believes they can recruit with additional salaries.

The problem we have with teachers in special education is that they have special categories. It could be in speech or reading. How much more leverage we would need for those positions, I don't know.

It might be we would need substantially more in order to consider them in special categories and go out and try and recruit, giving them higher pay raises.

Once you do that, we find that shortages have ups and downs and once you provide a special pay consideration and the shortage no longer exists, it is dificult to pull that rate of pay down.

The Civil Service Commission found itself in great problems, especially with engineers. The salary increase we propose would cover as equitably as many people as possible. Whether it could be all things to all people is difficult to say.

Mr. CLAIR. One brief question. Of the two cities you referred to, how many have a higher starting salary for firemen and policemen?

Mr. WEINBERG. About 16. If you are talking about 12-month salaries versus 10-month salaries and you would have to equate the total teachers' salary 12 months—and I am not sure what arena we are talking about.

COMPARABLE SALARIES

If you take an increase of $9,650 by 20 percent more for 2 additional months, you are going to be paying a teacher $11,580 and I am not so sure how many other cities are paying their policemen higher than that. You have to deal within the framework.

Mrs. MARTIN. Is it the position of the city government that if the collective bargaining does not result in this regulation, that this committee should take no action on either of the bills, depending on it?

Mr. WEINBERG. I would like to defer my answer to that. I think there is a period of time that the Federal mediation can bring it to a resolution and I would say this would be a consideration of the Congress in its wisdom.

Mr. DELLUMS. I would like to thank you, Mr. Weinberg and Mr. Coppie.

Mr. DELLUMS. Our next witness is Ms. Virginia Morris, vice president and chairman, employee relations, Personnel Policies and Appeals and Grievances Committee.

STATEMENT OF VIRGINIA MORRIS, VICE PRESIDENT AND CHAIRMAN, EMPLOYEE RELATIONS, PERSONNEL POLICIES AND APPEALS AND GRIEVANCES COMMITTEE, DISTRICT OF COLUMBIA BOARD OF EDUCATION; ACCOMPANIED BY BARBARA SIZEMORE, SUPERINTENDENT OF SCHOOLS

Ms. MORRIS. Mr. Chairman and members of the committee, I am Virginia Morris, vice president of the D.C. public schools.

I appreciate this opportunity to testify on the proposed amendments to the Teachers' Salary Act of 1955.

It is necessary to place in proper perspective any action to be taken by your committee to increase the salaries of teachers and, in particular, the timing of such increments.

COLLECTIVE BARGAINING

The board and the union have reached impasse during the present negotiations for a successor agreement to replace the one under which we are presently operating. Both parties jointly requested the assistance of the Federal Mediation and Conciliation Service.

In fact, three mediation sessions have been held and further sessions will be held upon the call of the mediator. It is the board's earnest hope that, through the assistance of the mediators, the parties can reach agreement on a new contract. On the table for consideration is the board's proposal that the board will recommend legislation to provide for a 10-percent teachers' salary increase to be effective January 1, 1975 if the union will agree to a school workday of 7¼ hours, inclusive of a lunch period.

I cannot stress too strongly our feeling that the pinnings of good-faith collective gargaining would be shaken if Congress were to take action st this time to raise teachers' salary. The parties, at present, are at a sensitive stage of negotiations.

RECOMMENDATION

What we are requesting today is that this committee postpone action on any amendment to the Teachers' Salary Act until the mediators have had an opportunity to bring about an agreement between the parties.

We have proposed that the mediation process be given additional time, after which time the mediators would report back to the parties their view as to the prospect of agreement—no later than the week ending June 7, 1974.

Your favorable consideration is requested. Thank you for hearing this testimony.

Mr. DELLUMS. Thank you, Ms. Morris. Does the gentleman with you have a statement that he would like to make.

Ms. MORRIS. No.

Mr. DELLUMS. Mr. Hogan.

Mr. HOGAN. I gather Ms. Morris is to be congratulated on her appointment to vice president of the D.C. school system.

WORKING DAY

Ms. Morris, in looking at Mr. Weinberg's testimony, he talked about an additional 45 minutes per day and a $6 per day workday and you talk about 7¼ hours inclusive. I assume you are both talking about the same thing—a half-hour lunch period and you are talking about 45 minutes over and above the 6½ hour workday including lunch period?

Ms. MORRIS. We are talking about the same thing and we have the 6½ hour day which includes the lunch hour.

Mr. HOGAN. When did the 6½ hour day go into effect?

Ms. MORRIS. I understand it was in effect prior to 1967.

Mr. HOGAN. And as to the June 7 deadline, or suggested date, do you believe by that date you would have an agreement or a chance of having an agreement?

Ms. MORRIS. I would like to view it from a very optimistic standpoint and feel that both the board and the union are negotiating in good faith and in a sincere effort to bring about an agreement and, hopefully, we will be able to achieve this by that time.

TEACHER CONTRACT

Mr. HOGAN. Second, or finally, what is the date for mailing out contracts normally to the teachers?

Ms. MORRIS. I don't believe we have a date that we mail out contracts. Our teachers are certified and recertified in September.

We do not mail out contracts as such to teachers.

Mr. HOGAN. The question is, is the effective date of the increase and its effect basically on the recruitment of new teachers, is there an adequate supply of teachers looking for positions in the District

of Columbia? We all hear discussions that there is an abundance of teachers coming out of the colleges, such that the school system can pick and choose these days. Is that true in the District of Columbia?

Mrs. SIZEMORE. That is true in elementary education. Unfortunately, we are having a loss in enrollment so that the abundance of teachers about which people talk is in a certain area.

It is elementary education and early childhood. There is an abundance of teachers in areas such as English and history. Our need is in mathematics, industrial arts and special education. In these fields, the entry level in business and industry is a high level out of the competitive management of the entry level of teaching and, therefore, the competition is rather great—not between public school systems, but between public school systems and industry and business.

That would be in mathematics and industrial arts. In special education, there has been a great need for teachers in that area due to the recent Court decisions which have compelled public school systems to provide an education for all children regardless of handicap conditions.

There is a great need in many school systems, both urban and suburban now, for special education teachers. The training of these teachers has not yet caught up with the demand for their services.

Many teachers who are in needed areas are trying to retrain for special education. We are recruiting in that area. We started out with approximately 100—I can get the exact figures.

Mr. HOGAN. A delay in getting this bill out, would that give you difficulty in recruiting in the next 2 or 3 years?

Mrs. SIZEMORE. No.

TEACHER AVAILABILITY

Mr. DELLUMS. May I follow up Mrs. Sizemore on one question? Can I interpret from your statement that history and English teachers are in abundance in that the present salary or proposed increase that would keep you $500 or $600 above jurisdictions immediately surrounding the District, that you would not have any problems there and if that is the case, I would like to ask in the area of mathematics, industrial arts and special education, do you think that the proposed increase would allow you to continue to be competitive in recruiting in those more difficult areas?

Mrs. SIZEMORE. I don't have the exact figures before me, but if if my memory serves me correctly, I don't think that the proposed beginning salary will make us competitive with business and industry for the service of mathematics. It would for special education, however.

Now, when we consider the services of teachers of industrial arts in the trades as vocational subjects, many of these teachers get paid in excess of the regular 6½-hour day now, so that their pay is extra. I would have to get those figures for you to give you an exact answer on the teachers in industrial arts.

Mr. DELLUMS. I would appreciate it if you would estimate that for the record.

Mrs. MARTIN. Because I am sure Chairman Dellums is not going to hold another hearing—assuming there is a resolution of the longer workday—I think for the record, I would like to know whether it is

the school board's testimony that they support a 10-percent salary increase rather than the 13-percent proposed in either of the two bills. Is that correct?

Ms. MORRIS. That is correct.

EFFECTIVE DATE OF PAY INCREASE

Mrs. MARTIN. And the effective day is January 1, 1975, rather than the effective date of 1974, set forth in either of the two bills?

Ms. MORRIS. The effective date would be January 1, 1975.

Mrs. MARTIN. Assuming a good-faith resolution, the actual committee has been asked questions about it and if it is all right with you, I would like to raise it.

It is our understanding that the salaries of substitute teachers are determined by the board of education and there is some concern among the substitute teachers that they have not had a raise within a reasonable period of time.

SUBSTITUTE TEACHERS

I would like to ask what are the policies of the board with respect to determining increases for substitute teachers and when is the last time they got a raise and is there anything in your budget to deal with that issue for the coming fiscal year?

Mrs. SIZEMORE. The board of education does have the authority to set substitute salaries and the last salary increase was July 1, 1969, and sets salaries at $28 a day.

The board did subsequently consider that state of affairs and did ask the administration to look for ways to raise the level of that salary and that would depend on the availability of funds.

The substitute pay survey that was conducted indicated that in Montgomery County, the pay is $29.80 a day and in September of 1974 it was $31.81.

In Arlington, $22 a day. In D.C. it is, of course, $28, which means that our pay scale for substitutes is well within the range of the surrounding counties, and is in fact, higher or it is higher now, but as of September 1974, will not be if it remains at the same level.

We have in the budget $2 million for approximately 2—and I will have to get the exact figures for you for substitute pay. This is not contingent upon the level of salaries. In other words, the board could set that salary at any level it so chooses, but that is the amount of money that is in the budget for substitute salaries.

The board did recommend that we review this, which we are now doing and what we hope to do is to give a recommendation to the board when we know how much money we are going to get and make that recommendation as of this year and put it in the 1976 budget.

COLLECTIVE BARGAINING

Mrs. MARTIN. I would like to ask the board and the superintendent the same question I asked the D.C. government witnesses, and that is that the Congress is quickly winding itself down into an extended kind of inquiry and my concern is whether if the matter is now resolved

between the teachers' union and the Board of Education, whether this subcommittee ought to hold the matter in abeyance until it is resolved?

Ms. MORRIS. I recognize the fact that the Congress must indeed complete its activity and I also hope that the committee—and I am sure the committee recognizes the situation that the school board is faced with, and wherein I would not wish to state specifically what the Congress should do, I certainly would hope that the Congress would be sensitive to the concerns that face us and we, of course, plan to move with all deliberate speed an effort to resolve the differences that we would have with the Washington Teachers' Union and, as I stated previously, hopefully we will be doing this in the near future.

I hope that the Congress will use—and I am certain it will—its good judgment and produce for us the kind of support which is necessary in order for us to get the job done.

Mr. CLAIR. The school system would not issue contracts, and how do you inform teachers whether or not they will be hired?

Mrs. SIZEMORE. It is a continuing contract. Most big cities have continuing contracts. Unless there is a reduction in force or loss of money, the teachers are retained in their approximate positions for the continuing year.

If there is a change in the employment of teachers, if the service of a teacher is needed in some other place than the place where that teacher served in the year prior to teaching, the teacher is notified and that is in the agreement of the Washington Teachers' Union.

Mr. CLAIR. Suppose for some reason that teacher proved not be to satisfactory, how would you deal with that?

Mrs. SIZEMORE. That is an evaluation process. That is in the teachers' union contract.

Mr. CLAIR. But if they are not informed they are not needed, it is assumed they will work in the system?

Mrs. SIZEMORE. That is correct.

FUNDING THE PAY INCREASES

Mr. DELLUMS. Does any proposed increase have to come out of the operational budget of the Board of Education?

Ms. MORRIS. Yes; the Board of Education must absorb 30 percent of that cost and that dollar amount must be our current operating budget.

Mr. DELLUMS. You have indicated in your testimony that you are generally in agreement with the city's position with respect to the 10-percent increase in January 1975. In your operation of budget for that fiscal year, do you anticipate any cutbacks in personnel or service to children in the District regarding the 10 percent? You mentioned that the school district has to absorb 30 percent of the increase. With the 10-percent increase, would you have to cut back on any staffing positions or do you have to cut back on the services?

Mrs. SIZEMORE. There is nothing in the District of Columbia 1975 budget for teacher salary increases. This was done per instructions from the District of Columbia government, but we have been informed that we would need to absorb a minimum 15 percent of this cost and what we will need to do is redirect funds for this purpose.

Mr. DELLUMS. Do you have any idea about a 10-percent figure, which is what the Board is tentatively advocating, do you anticipate where that 15 percent would come from?

Mrs. SIZEMORE. Have we already decided?

Mr. DELLUMS. From what program would you have to reprogram that money?

Mrs. SIZEMORE. One of the things that has been considered is the vacancy rate.

Mr. DELLUMS. The normal attrition?

Mrs. SIZEMORE. Yes, and I can provide a more detailed answer for you, if it is necessary.

Mr. Weinberg says that the percentage we would need to absorb would go up to 30 percent. That would be approximately $2 million that we would have to absorb and at this present time, I cannot state exactly where we would get that money. I would have to prepare a statement.

Mr. DELLUMS. I would appreciate it. I would like for you to tell me whether normal attrition would have that $2 million offset? Also, since $2 million before the committee proposing 13 percent, I would like you to give me the figures for that as well. Before we excuse the witnesses, I would like to say to Mrs. Morris thank you. You have made a very specific recommendation to the committee with respect to holding off the action until the negotiation process can reach a logical conclusion.

We are very sensitive to the position that you are in and I can only say at this point that we will take your recommendation under advisement and it will have to be discussed with members of our subcommittee and the chairman of the full committee and ranking members on both sides, but we are sensitive to your question.

With that, I would like to thank you for coming and taking time out of your busy schedule to appear this afternoon.

Mr. DELLUMS. Mr. Simon, you may proceed in any way that you wish. We have your prepared testimony which we will insert into the record; if you wish to summarize it, you may.

[The prepared statement of Mr. William H. Simons follows:]

THE WASHINGTON TEACHERS' UNION,
Washington, D.C., May 30, 1974.

SUBCOMMITTEE ON EDUCATION,
House District Committee,
U.S. House of Representatives.

GENTLEMEN: I am William H. Simons, President of The Washington Teachers' Union, Local No. 6, American Federation of Teachers, AFL–CIO. Accompanying me this afternoon is Barry Spiegel, Legislative Assistant for the Union.

With the approval of the Home Rule Charter, this is perhaps the last time that the teachers of the District of Columbia will have to appear before you to present testimony with respect to a salary increase. The Committee is to be commended for its efforts in providing the residents of Washington, D.C. a measure of self-determination. Your action, in turn, will mean increased benefits to you in terms of providing you more time to devote to matters of importance to the nation and to the world.

The Union is appreciative of your response in scheduling these hearings. Through the efforts of the Union, H.R. 14400 and H.R. 14662 have been introduced by Congressmen Donald Fraser and Ronald Dellums, respectively. It is indeed unfortunate that neither the Board of Education nor the City Government has seen fit, to date, to take any positive action to correct an unjust situation which confronts the employees of the Board of Education.

Teachers, like other employees, have been beset by the unabated rise in inflation which has resulted in the concomitant erosion of their purchasing power. Teachers, by-and-large, have never received adequate compensation since the inception of public education as a universal goal of this nation. Teachers have always been at a disadvantage in the market place.

There is hardly a day which passes that does not bring the sad tidings that the economic situation is becoming worse. On Friday, May 17th, The Washington Star-News reported in its headlines, "Inflation Rate Up, Output Down, U.S. Economic Picture Worsens." The story relates, "The inflation rate soared to 11.5 percent in the January-March Quarter, up from the estimate of 10.8 in the preliminary report a month ago. This was the highest inflation rate in 23 years." This news was accompanied by the report that the prime interest rate was raised by the First National Bank to a record 11.75 percent.

In The Washington Post of Tuesday, May 21st, it was reported that the food index has increased at a 21.3 percent annual rate. The same article reported that the Agriculture Department has projected a retail food price rise of about 12 percent for all of 1974.

Needless to say, everyone is aware of the constant rise in the price of gasoline and other petroleum products. The one-dollar a-gallon for gasoline will probably be a fact of life within a very short time.

Another gloomy picture was painted by Sylvia Porter in her column which appeared in The Washington Star-News on Tuesday, May 28, 1974. In her column, she pointed out the increase in food prices—five-pound bag of flour—60%; three-pound can of shortening—64%; ten-pound bag of potatoes—60%; bread—34%. The trend is clear, it costs more to exist.

The facts are clear that teachers, along with other employees, are hapless victims of the most grossly mismanaged economy in modern times—and there is no indication on the horizon which offers any hope of relief.

The Union is in support of the concepts embodied in H.R. 14400 and H.R. 14662. Both of these bills call for a modest increase of 13 percent. In essence, this adjustment in the salaries of teachers will enable them to barely keep pace with the eroding economic picture.

The consumer price index for April indicates an increase of 8.5%. Heaven only knows what it will be in September of this year.

The Union supports the concept embodied in H.R. 14662 which would provide a mechanism to adjust teachers' salaries based on the increased cost-of-living and other comparability factors. However, a provision should be added to the bill to make it mandatory. This would put the teachers on equal footing with the rest of the employees in the District of Columbia who receive the automatic adjustment along with Federal Employees.

It has been said time and time again by the City Government that, on balance, the salary schedule for teachers in the District, compares favorably to those of the surrounding jurisdictions and this factor enables us to compete for the best qualified teachers. However, if you will examine Exhibit No. 1, you will find that over a period of 12 years a teacher in Fairfax County earns $3,169 more than a teacher in Washington. Further, your attention is called to the fact that while it is true that salaries are favorable, there are other economic benefits which are afforded teachers in the surrounding jurisdictions which put them in a more favorable position. Exhibit No. 2 demonstrates that in the area of fringe benefits teachers in Fairfax County and in Montgomery County fare better than those in the District of Columbia.

In Exhibit No. 3 you will note that most of the cities have fewer salary steps than in the District of Columbia. This means that it takes fewer years for teachers to reach their maximum salary level than it does in the District.

Statistics could be compiled to advance or refute any proposition being presented. Statistics, as it has been said on many occasions, only make a picture favorable to those who are presenting them.

At issue at the present time is the question of whether or not teachers should work more time without additional compensation. There has, to my knowledge, been no request to Federal Employees or other District Employees to increase their time for a cost-of-living adjustment in salaries. Teachers are willing to work additional time provided there is compensation for this additional time. The Union is willing to consider as a salary adjustment a sum equal to the increase in the cost-of-living from September 1, 1973 to September 1, 1974. If there is an additional sum over and above that amount, the Union is willing to negotiate additional working time commensurate to the additional compensation. Nothing less will be acceptable.

It is still amazing that everyone still gives lip service to the importance of the Public School System, but very few are willing to give due recognition—status-wise financially—to the teachers who are responsible for making the system work. It is also ironic—when the trend today is towards a reduction in the work day and week—that the Board of Education and the City Government is trying to extend the working time of teachers. In effect, teachers are being asked to take a salary reduction. Once again, teachers are being made the scapegoat for all of the ills that exist in the American System.

In an article from Today's Child News Magazine for May 1974, Dr. David P. Weikart of East Michigan University, makes the following comments. (Exhibit #4)

"Educators must be accountable, but in a very different way from the one that the current fad demands," Weikart suggested.

"Accountability should be related to the child's long-term performance as an adult in family, community and society. Short-term accountability we can get today by teaching and measuring those things we have tests for. But this kind of short-term accountability will never give us the kind of initiating, responsible, innovative, cooperative kids the world so urgently needs."

Lack of planning is one of the weakest spots in elementary and early childhood teaching, the specialist believes. "I'd like to see the school day cut in half so teachers could have at least two hours a day free for planning . . . preferably in the morning when they are fresh and alert." He stresses that by "planning time" he is not referring to "free time" or coffee breaks. "By planning I mean the hard work of studying each child and making plans that relate to every youngster in "the group."

For pupils, less school can mean more learning. Weikart reminds that study findings have shown that elementary school children's achievement levels rise in schools where the school day or week has been shortened to give teachers more time for planning."

Title II of H.R. 14662 provides for periodic renewal of a teacher's certification. The Union is in agreement with the concept. However, the Union is opposed to placing this requirement in the bill. Such action would limit the flexibility of this plan and any changes which might be desired would have to be made through the legislative process. The need for continuous retraining on the part of teachers is obvious. However, this can be handled more effectively outside of the legislative arena. This section of the bill should be deleted.

The Union would also, at this time, express its support for H.R. 13970, which would provide an adjustment in the annuities for retired teachers. This legislation is solely needed in order that these citizens who are on fixed incomes will be able to keep pace with the current economic conditions.

For the benefit of the Committee, the Union has enclosed additional Exhibits:

Exhibit #5—Current Salary Schedule.
Exhibit #6—Proposed Salary Schedule based on 13%.
Exhibit #7—Proposed Increase for Evening and Summer Schools.
Exhibit #8—Comparison of G. S. increases vs. Teacher increases.
Exhibit #9—Cost-of-living increases July 1968–April 1974.

The Union hopes that the Committee will move rapidly on the matter of salary adjustments for teachers, firemen and policemen in order to correct an unjust situation which exists.

Respectfully submitted,

WILLIAM H. SIMONS,
President-Washington Teachers' Union
Local No. 6, AFT.

EXHIBIT 1

TEACHER SALARY COMPARISON

	Fairfax County B.A. teacher	District of Columbia B.A. teacher		Fairfax County B.A. teacher	District of Columbia B.A. teacher
1	$7,900	$8,770	9	12,305	11,850
2	8,974	9,120	10	12,759	12,290
3	9,429	9,470	11	13,213	12,730
4	10,034	9,825	12	13,667	13,170
5	10,488	10,175	13	14,121	13,615
6	10,942	10,525			
7	11,396	10,965	Total	147,084	143,915
8	11,851	11,410			

Note: Difference of $3,169 earned over 12 years by Fairfax teachers.

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EXHIBIT 2

FRINGE BENEFITS

	Montgomery County, Md.	Fairfax County, Va.	District of Columbia
Retirement (pension)	Social security plus county and State program. (1) Teacher contributes between 4.3 to 5 percent of salary. (2) Teacher can retire after 30 yr of service with full benefits, at 54 percent of average salary. (a) Can retire with reduced annuity and benefits after 25 yr of service, or. (b) After age 60 with full benefits.	Social security plus county and State program. (1) Teacher contributes 5 percent of salary to State plan and 2.9 percent of salary to county plan. (a) Under State plan teacher can retire at age 60 and 30 yr service with full benefits at 60 percent of average salary. (b) Under county plan teacher can retire at age 55 and 25 yr service, with reduced benefits at 50 percent of average salary.	No social security, only District of Columbia Teachers Retirement Act. (1) Teacher contributes 7 percent of salary. (a) Teacher can retire at age 55 with 30 yr service, with full benefits at 56.25 percent of average salary; or (b) At age 60 with at least 20 yr of service.
Health insurance	Employer pays 55 percent (1 to 3 yr); employer pays 65 percent (4 to 6 yr); employer pays 75 percent (7 yr and over); Blue Cross-Blue Shield, with dental program.	Blue Cross-Blue Shield: Family plan: employer pays 75 percent; individual plan: employee pays $1.50 per month.	Blue Cross-Blue Shield or other programs: employer pay 50 percent. Employer will pay 60 percent effective Jan. 1, 1975.
Life insurance	1½ times teacher's salary—all paid by county, if teacher dies for reasons other than of natural causes, the State pays equivalent of 2 years salary.	Equal to twice the salary; if teacher dies for reasons other than of natural causes, it is 4 times the salary; employer pays 60 percent of premium.	1½ salary plus $7,000 with equal amount of accidental death benefit. Employer pays 33⅓ percent of premium.
Leave	3 days for personal, 10 days for sick, teacher can draw additional sick leave, from "sick day bank."	3 days for personal leave, 12 days sick leave, 2 days compensatory time for religious observances.	7 days sick leave, 3 days for personal leave.

Exhibit No. 3

Salaries

From 70 largest Districts—(1.1 million to 47,000).

a. Above D.C. in number of students:
   1. New York City—Min. 9,600—Max. 15,750—7 steps.
   2. Chicago—Min. 10,000—Max. 16,628—14 steps.
   3. Philadelphia—Min. 9,434—Max. 15,423—10 steps.
   4. Fairfax City—Min. 8,974—Max. 14,121—11 steps.

b. Washington, D.C. 132,490:
   Min. 8,770—Max. 13,615—12 steps.

c. Below D.C. in number of students:
   1. Milwaukee—Min. 8,900—Max. 14,229—11 steps.
   2. Boston—Min. 8,924—Max. 15,149—8 steps.
   3. Newark—Min. 8,970—Max. 14,350—10 steps.
   4. Flint—Min. 9,200—Max. 14,743—11 steps.

D.C. Area Schools:

a. Maryland:
   1. Montgomery County—Min. 8,101—Max. 11,017—6 steps.
   2. Prince Georges County—Min. 8,080—Max. 11,150—6 steps.

b. Virginia
   1. Alexandria—Min. 8,285—Max. 14,747—14 steps.
   2. Arlington—Min. 8,408—Max. 12,876—9 steps.
   3. Fairfax City—Min. 8,974—Max. 14,121—11 steps.

Exhibit No. 4

[From Today's Child, May 1974]

Is There One "Right" Program for Preschoolers?

Louisville.—Be careful what you pray for, you might get it. This familiar caution might be borne in mind by anyone who is gung-ho for one particular program for preschoolers, *Dr. David P. Weikart of East Michigan Univ.* hinted to members of the Southern Assn. on Children Under Six at their annual meeting.

"Choosing the model for a preschool program is critical because there is increasing evidence, albeit slight and debatable, that the model *does* have immediate impact on the child. It makes a moral difference which model we choose to use."

In the past, the issue of program "models" was not a problem because there were so few to choose from, he pointed out. The majority of U.S. nursery schools were the traditional, or development-oriented, type—"which served well, particularly middle-class youngsters and cooperatives."

Now the many planned variations of Head Start programs, each with a different and specific goal for children, offer teachers and parents an array of alternatives and selecting one is a serious decision, stressed Weikart.

Data coming in from Nat'l Follow Through, which is testing different program models at 167 school sites, show that models designed to teach children specific things do achieve their specific goals—"but that's *all* they achieve. No model does all things for all children all across the board."

Thus programs with the aim of producing academic achievements—Distar, behavioral anaylsis, or directed-instruction, for example—do get the results desired, while traditional development-oriented programs do not and the effects of cognitive programs are neutral.

Cognitive programs, which aim at developing skills that can be measured by standardized tests, get *their* desired results, while traditional programs get neutral results in this area and the effects of directed-instruction programs are "somewhat negative."

When it comes to enhancing a child's over-all development, including emotional growth and the strengthening of self-concept, traditional programs achieve this goal, while directed-instruction programs have "an almost negative effect" and cognitive programs' effect on the effective is neutral.

Why not use the most positive elements in each program and combine them into an "everything" experience for the child? Only a Master Teacher should even think about such an attempt, Weikart cautions. Since only about 5% of all teachers qualify as Master Teachers, "the rest of us 95 percenters" would just be indulging in an ego-trip.

On the subject of accountability, the psychologist wondered "if this is another guise for getting kids to learn what we want them to know—even though there is no evidence that what we want them to know has any bearing on what they do later."

He observed that "data on elementary school grades are very predictive of high school grades which, in turn, are very predictive of college grades, which are predictive of graduate school grades—which don't predict anything."

Educators must be accountable, but in a very different way from the one that the current fad demands, Weikart suggested.

"Accountability should be related to the child's long-term performance as an adult in family, community and society. Short-term accountability we can get today by teaching and measuring those things we have tests for. But this kind of short-term accountability will never give us the kind of initiating, responsive, innovative, cooperative kids the world so urgently needs."

Lack of planning is one of the weakest spots in elementary and early childhood teaching, the specialist believes. "I'd like to see the school day cut in half so teachers could have at least two hours a day free for planning . . . preferably in the morning when they are fresh and alert."

He stresses that by "planning time" he is not referring to "free time" or coffee breaks. "By planning I mean the hard work of studying each child and making plans that relate to every youngster in the group."

For pupils, less school can mean more learning. Weikart reminds that study findings have shown that elementary school children's achievement levels rise in schools where the school day or week has been shortened to give teachers more time for planning.

EXHIBIT 5

PUBLIC SCHOOLS OF THE DISTRICT OF COLUMBIA—CLASS 15, TEACHERS' SALARY ACT—APPLICABLE FOR TEACHERS, COUNSELORS, LIBRARIANS, AND OTHER CLASS 15 POSITIONS, EFFECTIVE SEPT. 1, 1973

Step	Group A, bachelor's	Group A–I, bachelor's plus 15	Group B, master's	Group C, master's plus 30	Group D, master's plus 60 or doctorate
1	8,770	9,210	9,650	10,090	10,530
2	9,120	9,560	10,090	10,530	10,975
3	9,470	9,910	10,530	10,975	11,415
4	9,825	10,265	10,975	11,415	11,855
5	10,175	10,615	11,415	11,855	12,295
6	10,525	10,965	11,855	12,295	12,735
7	10,965	11,410	12,400	12,840	13,285
8	11,410	11,850	12,945	13,390	13,830
9	11,850	12,290	13,495	13,935	14,375
10	12,290	12,730	14,040	14,480	14,928
11	12,730	13,170	14,585	15,025	15,465
12	13,170	13,615	15,130	15,570	16,015
13	13,615	14,055	15,675	16,120	16,560
V	14,665	15,540	17,115	17,565	18,135

[1] Maximum salary for temporary appointments in the 6th step.
[2] Maximum entrance salary for probationary appointments is the 10th step.

EXHIBIT 6

PROPOSED PAY SCHEDULE (13 PERCENT)

EP	Group A, bachelor's	Group A–I, bachelor's plus 15	Group B, master's	Group C, master's plus 30	Group D, master's plus 60 or doctorate
Step					
1	9,910	10,405	10,905	11,400	11,900
2	10,305	10,900	11,400	11,900	12,400
3	10,805	11,300	11,900	12,400	12,900
4	11,210	11,705	12,400	12,900	13,395
5	11,610	12,510	12,900	13,395	13,895
6	12,090	12,510	13,395	13,895	14,390
7	12,510	13,020	14,010	14,510	15,010
8	13,020	13,520	14,625	15,130	15,625
9	13,520	14,020	15,250	15,745	16,245
10	14,020	14,525	15,865	16,360	16,860
11	14,525	14,880	16,480	16,980	17,475
12	14,880	15,535	17,095	17,595	18,095
13	15,535	15,995	17,710	18,215	18,710
14	16,570	17,710	19,340	19,850	20,490

EXHIBIT 7

PROPOSED, EVENING AND SUMMER SCHOOL PAY INCREASES [1]

Percent increase and classification	Step 1	Step 2	Step 3
Present 13 percent:			
Summer school	7.99	8.38	9.44
Teacher	8.65	9.47	10.67
Veterans summer	7.99	8.38	9.44
School centers	8.35	9.47	10.67
Adult education	8.13	9.22	10.38
Schools—teacher	9.27	10.42	11.73

[1] All future pay increases shall be at least at the same rate of increase as TSA class 15 teachers.

EXHIBIT 8

CIVIL SERVICE AND TEACHER PAY

Date (as of)	Civil service	Teachers (percent)
October 1973	5.1 and 4.7 percent effective Jan. 1, 1973 and Oct. 1, 1973.	5
October 1972	5.5 percent effective Jan. 1, 1972	7
October 1971	5.9 percent effective Jan. 1, 1971	0
October 1970	6 percent effective Dec. 27, 1969	0
October 1969	9.1 percent effective July 1, 1969	12
Total percentage increases, 36.3		24
Police and firemen had percentage increases of:		
Effective May 1, 1972		17
Effective June 30, 1970		9
Total percentage increases		26

Note: The average percentage increases over the last 5 years (1968-73) for the 10 top cities has been 28.2 percent.

EXHIBIT 9

COST OF LIVING INCREASES

	Consumer Price Index	Percentage increase
July 1968	104.5	5.9
July 1969	110.7	5.4
July 1970	116.7	4.3
July 1971	121.8	3.0
July 1972	125.5	5.7
July 1973	132.7	8.5
April 1974	144.0	
July 1968	104.5	37.8
April 1974	144.0	

STATEMENT OF WILLIAM H. SIMONS, PRESIDENT, THE WASHINGTON TEACHERS UNION; ACCOMPANIED BY BARRY SPIEGEL, LEGISLATIVE REPRESENTATIVE

Mr. SIMONS. With me is Barry Spiegel, assistant for the Washington Teachers' Union.

H.R. 13970

I would like to comment on Congressman Broyhill's proposal in H.R. 13970 and say that the Union is in full support of this proposal

and all it is doing is merely giving these people a chance to try to keep pace with the rising costs of living.

I think it callous on the part of the District Government to take the attitude that it has taken with respect to trying to correct an injustice for this group of employees.

COLLECTIVE BARGAINING

Much has been said about letting the normal process of collective bargaining take place. Certainly, I am in accord with that statement. However, as you well recognize, it cannot take place unless there is some action on the part of the Congress of the United States.

To do what the Board is asking the Union to do, is, in effect, on an iffy basis. If you agree to work along, we will agree to recommend and they can't deliver. Who is going to sign a contract on a basis like that?

In your wisdom, everything considered, it might be a 2 percent or 3 or 5 percent, who knows what is going to come out of this. I think it is totally misrepresenting the process of collective bargaining to put the teachers in that kind of position.

Likewise, we understand what is happening with the economic situation here in the country and every day you read something in the paper about how the situation is still deteriorating with no efforts being made or very little effort being made to stop it. Already we looked at the rate of inflation, which is 12.7 on an annual basis and still rising.

10-PERCENT PAY INCREASE

What will 10 percent do? It will merely bring the teachers up to a level where they used to be or almost to a level. Teachers are not opposed to working longer hours. All we are asking for is compensation for their time. Otherwise, you are asking us to negotiate a salary cut for teachers, more time, less money.

Further, there has been no justification as to what is going to be done with that time except that it is going to be added on to the day.

It doesn't mean any more instructional time for the pupils. That has never come forth. There are many other problems that have to be worked out and simply to state that everybody else work a longer day, that should be justification for the teachers in Washington working a longer day.

With respect to the comments about where a 10-percent increase would bring the District in terms of being competitive with other cities, that is only one part of the picture.

There are many fringe benefits and, as I pointed out to you, that other teachers enjoy that we don't get here in the District of Columbia. For example, after 7 years service in Montgomery County, the school board pays 75 percent of the health benefits plans.

We, being under the Federal plan, the employer pays 50 percent and that will go up to 60 percent. Other systems provide life insurance without cost to the teacher. We have to pay that.

Other systems provide more leave time for teachers than we get here in the District of Columbia. Only in the area of retirement can

we say that we compare favorably to other jurisdictions. These are the other factors that go into making up the economic package for teachers that we can't deal with here in the District of Columbia.

Next time around, the bargaining will take on a different posture under home rule, and I think that we can adequately sit down and deal with the question of the economic benefits as well as the other substantive matters in the contract.

I can submit to you, as long as the proposition is on the table, we will make a recommendation—I can't see any settlement coming out of that kind of proposition. We are negotiating in good faith and continue to negotiate in good faith, but it has to be realistic as all bargaining is and for the committee to delay its action, they are going to do it a disserve to the educational system here in the District of Columbia.

Once it is out of the way, we can come to grips with it. Basically, all we are asking is to take a look at what the increase in the cost of living has been from the time of the last pay raise for teachers, September 1, 1973, through September 1, 1974.

Whatever that adjustment is, we don't consider that a salary increase. It is a salary adjustment. Anything over and above that, then we will negotiate how much additional time that will buy.

We will put that proposition on the table and I think it is a fair and just proposition, but to do anything less I think is asking the teachers to put themselves in an untenable position.

Mr. DELLUMS. Thank you very much, Mr. Simons.

Mr. SIMONS. That concludes my statement.

Mr. DELLUMS. You have a rather interesting dilemma. We are both artists of the collective-bargaining process and the right of people to be represented by unions. Normally, we would be supportive of the process going on between labor and management.

You placed that against the backdrop of the District hopefully moving into a new area inviting new processes and new relationships.

In anticipation of arriving at that, we find this committee in a position where it is sometimes difficult to determine what our role is. Here we are as a subcommittee attempting to carry out a constitutional statutory responsibility prior to January 1, with respect to teachers' raises when you are earnestly in the middle of negotiations.

Earlier you pointed out that all that can happen is a recommendation to the Congress, and in the 3½ years I have been here, the Congress is very unpredictable in some areas and strangely predictable in others.

You are right. Once the bill leaves the committee and goes to the floor, it is up to the 435 Members of the Congress to work on that bill, but the District of Columbia Committee on the floor of Congress has never been perceived as a giant maintaining discipline on the floor of the Congress.

If we are not to disrupt the negotiating process, what would you suggest that we do? The subcommittee passed a bill with recommendations to the full committee to act on with the recommendation to pass and if they hold the legislation up until such time as your negotiations are completed, or should we then ask for the leadership to schedule the bill to be heard by the Rules Committee and schedule it to come to the floor?

At what point along the way do we go overboard in terms of disrupting the delicate balance between labor-management at this point? I would like very much, as a supporter of good faith negotiations—what do you suggest that we do at this point, finding ourselves in this great dilemma?

Mr. SIMONS. Likewise, you also recognize our position even though your subcommittee acts with the recommendation to pass the full committee act and then you hold up there is many a slip between the cup and the lip and we agree.

Everything is set, let us say, for the 13 percent and all of a sudden, in somebody's wisdom, we think that is too much. We have already signed an agreement based on that recommendation. Where does that leave us?

Mr. DELLUMS. The reason I say there is a dilemma, when you look at it on the other side, the other side feels their negotiating position has been annihilated. It is not a cleancut situation.

Mr. SIMONS. Very definitely, and I can respect the position of the Board of Education, but I am saying that next time around, under a different set of circumstances, the negotiations can take that form because we will be able to know, without having to come back to Congress—and we can be pretty much certain as to where we are going—but it can't be done at this particular time.

Mr. DELLUMS. Thank you, Mr. Simons. I yield to Mr. Hogan.

Mr. HOGAN. I am not quite sure I understand, Mr. Simons, especially as relates to negotiation, how it is going to be different in the future? You are not going to negotiate pay. Next year are you going to negotiate salaries with the Board of Education, or, for that matter, with the City Council?

Mr. SIMONS. I think what you will find, as happens in nearly all other jurisdictions, the negotiations on salaries—and all are completed with the Board of Education—the Board of Education has to go before the City Government to be funded, or whatever the other branch of the government is, but the actual negotiations take place between the Board of Education and the organization representing teachers with pretty much assurance that that agreement is going to stick.

Mr. HOGAN. The city of Cleveland got into a lot of trouble here 3 years ago when they negotiated with the mayor and the city council, as I recall, negotiated a contract with the policemen, or at least negotiated a salary with them, and promised them a certain salary.

It was the mayor and his financial manager, I guess. They agreed to give a salary to the policemen and maybe the firemen, and subsequently the council turned them down and they were in the position where they had offered the police a salary increase and they had to cut back on the number of policemen they had or increase taxes.

Aren't you going to be in that situation with the Board of Education, unless you change the whole structure of the school system and the structure of the government as it is in the Home Rule Act?

Mr. SIMONS. That is true. However, we would be dealing with the Board of Education as well as the City Council, with respect to financial matters and we would not have the third step in dealing with the Congress.

Mr. HOGAN. But somebody has to come up with the money and the Mayor, whoever is going to be in the same situation a year from now that they are in now. They have to come up to the Congress with a balanced budget and the question then will be between the Mayor, the City Council, and the Board of Education.

How are they going to balance that budget unless they lay some increased taxes on the citizens of the District of Columbia, which will be a precariously political maneuver on the part of the Council or the School Board or the Mayor.

They are going to have to come up here and justify why they are increasing the pay, why they are increasing the pay for the teachers, which is primarily a local function.

If there is a local function in the District of Columbia, it tends to be the public school system, and unless they raise some taxes, aren't they going to be in the same position that they are in today?

Mr. SIMONS. That might be true, but I am sure that the City Council and the Mayor are going to have to sit down and take a hard look at the financial situation of the city and I am sure they will come up with recommendations that if there must be an increase in taxes, there will be.

D.C. GOVERNMENT RECOMMENDATION

Mr. HOGAN. Hasn't the Council and the Mayor and the Board of Education done that? They have come up and given the committee a recommendation of 10 percent, saying it is effective January 1, and come up here to a legislative committee and say, "This is what we recommend, this is what we suggest under the circumstances, and this is what we can afford."

We don't believe it is in the interest of the citizens of the District of Columbia, some of whom do not have children in school, but many who have children in school and said, "This is what we can do without a general tax increase."

I trust you are not suggesting that they go back or that the Congress initiate a tax from up here that provides for this increase, are you?

Mr. SIMONS. I think that can be done by the city government.

Mr. HOGAN. They would come up with a tax increase to pay the differential?

Mr. SIMONS. There is always going to be an increase in taxes until the situation gets better and the economical situation improves. It happens all over the country.

There are some jurisdictions that have been able to reduce taxes or appear to have reduced taxes in one area and increase them in others.

Mr. HOGAN. To give some guidance to the committee, do you have any recommendations as to what tax you would suggest to have increased?

Mr. SIMONS. I have no recommendations except I think the committee might take a look at the increase in the city that is authorized, but never gets fully appropriated.

Mr. HOGAN. You are getting into the area the chairman spoke about, the 435 unpredictable votes on the floor of the House. How do you convince them that the Federal payment should be increased to cover the pay increase for the teachers when you are talking about

a function, and I think public education is a function more local than many of the functions carried on by the District of Columbia government.

Mr. SIMONS. I understand that and I understand the dilemma. All we are asking is that there be a salary adjustment made for teachers in order that we can keep pace with what is happening.

Mr. HOGAN. And on the other hand, I am not pressing you to make a statement against interests, but I do not want to point out that this committee has a dilemma and the House has a dilemma they must face and the dilemma facing the whole government, the Board of Education and the Mayor, I don't know that it is any different now than in the furure.

Maybe you could have the same problem next year you have here now. If the Congress follows, more or less, the recommendation of the Mayor and the Board of Education, this is about what might come out next year in the negotiations.

Mr. DELLUMS. Miss Martin?

FRINGE BENEFITS

Mrs. MARTIN. In your attachment, exhibit II, you have fringe benefits packaged where you compare the District to the Montgomery and Fairfax Counties. Do you have comparable information relative to the difference between the fringe benefits packages for the other four counties that are usually considered in the seven-county package, or can you tell the committee whether the District is better, worse, or about the same as the other four counties?

Mr. SIMONS. We can send you that information.

Mrs. MARTIN. The second thing is you didn't like to talk about salaries comparability, but your testimony does talk about salary comparability with the surrounding areas.

I would like to talk about work comparability. The District testified that there are some 29 school districts where the schoolteacher have more hours and less pay. What is your position on that?

Mr. SIMONS. We have been working under this system for low these many years. All of the salary adjustments that have been made to date have been based on that, the same number of work hours. Now, are you telling us to increase the number of hours, but you are not talking about any additional increase in pay for the additional time?

Mrs. MARTIN. Whether you consider the 10 percent that is proposed by the City Council and the School Board.

Mr. SIMONS. Just a salary adjustment to keep up with the cost of living.

Mrs. MARTIN. And the 13 percent recommended by the two bills?

Mr. SIMONS. That would be a cushion. What I have said earlier, we are willing to take a look at the increased cost of living from the time of the last pay raise and whatever is over and above that enacted in the legislation.

Mrs. MARTIN. It is possible that the contract you negotiated back in 1969 should not have been negotiated and is out of line, if the majority of the school district contracts call for longer working hours?

Sometimes we make mistakes and I am wondering if the original contracts may have been a mistake?

Mr. SIMONS. No, I don't think so.

Mr. HOGAN. I wonder if Mr. Weinberg could come up with some information explaining benefits.

Mr. WEINBERG. We would be glad to submit a study on this.

Mr. DELLUMS. The record will so reflect and it will become a committee insert.

FRINGE BENEFITS

Mr. HOGAN. I assume there is nothing in negotiation now as far as fringe benefits are concerned that is going to cost additional funding.

Mr. WEINBERG. Not in this contract.

Mr. HOGAN. Although this information will be generally helpful to the committee, it is somewhat extraneous to the 10 percent except as you look at the surrounding area to see what fringe benefits are to the teachers in the surrounding areas.

Mr. WEINBERG. Back in the last contract that is now in effect and continues to be in effect, there was a letter of understanding which, if I may quote, "The parties agreed that a longer school year and school-day would be negotiated when additional compensation is enacted."

Since that date there has been a 12-percent pay raise in the Congress enacted in 1972 and then with the proposal that we proposed to you today, that makes it 22 percent, so that there has been in the agreement a requirement to negotiate by both sides. This is something that has been long in contention.

Mr. SIMONS. May I respond to that? We are talking about increased compensation. If it costs more to live today, than it did yesterday, and you make salary adjustments, that is not increased compensation. We are saying increased compensation meaning money over and above what the normal salary adjustment will be.

When we get the salary adjustments in the Federal area, the other District employees come under that and there is never any question about any additional time for them.

There is no question about additional time for police and firemen. So we are saying that if there is compensation commensurate with the number of hours worked, fine, we will buy it.

TEACHER CERTIFICATES

Mr. DELLUMS. I have a couple of questions. You mention on page 5 of your testimony that with respect to the provision that calls for periodic renewal of teacher certifications, that the union is in agreement with the concept, but opposed, then you go on to say, this can be handled more effectively outside the legislative area and this section of the bill should be deleted. I would like to comment on that.

Secondly, as you know, there is a requirement in our bill 14662 that restores the requirement for two categories of school employees, attendance officers and child labor inspectors. I would like you to comment on those.

Mr. SIMONS. As to the first point, once something gets into the law it is very difficult to take it out and we feel that this matter can be more effectively handled by the Board of Education.

As a matter of fact, we already have it on the books now as a policy of the Board of Education to see that teachers will be required to renew their certification every 5 years.

That was adopted by the Board, I believe, at the end of 1972. That is why I say it doesn't have to be included in the legislation.

With respect to the other matter, yes, the union is in agreement with that provision. I think it did a disservice to that group of employees when that was put into the legislation 2 years ago. How it got there, nobody knows, but it was in there and we hope that will be repealed.

Mr. DELLUMS. I would yield to Mr. Clair.

Mr. CLAIR. The policy statement requiring periodic studies is not effective from 1972 and affecting teachers hired prior to 1972?

Mr. SIMONS. Quite.

Mr. CLAIR. So, prior to 1972, there is no study requirement?

Mr. SIMONS. Right.

Mr. DELLUMS. Thank you, Mr. Simons. Thank you very much. We appreciate your testimony.

Our next witness is Norman Anthony, president, council of school officers.

Mr. Anthony, we noticed that the subcommittee has received an advance copy of your statement and we would like you to leave us with a copy of your statement and you may proceed or summarize, whichever way you wish.

STATEMENT OF NORMAN S. ANTHONY, PRESIDENT, COUNCIL OF SCHOOL OFFICERS

Mr. ANTHONY. Mr. Chairman, members of the House District Committee, ladies and gentlemen:

My name is Norman S. Anthony. I am the president of the Council of School Officers, Local 4, AFL-CIO. This organization represents all officers in the management group, that is, above the position of teacher and below the level of assistant superintendent, for the purposes of collective bargaining.

My colleagues and I are extremely grateful to have this opportunity to share with you our views and concerns relative to the proposed legislation, H.R. 14400 and H.R. 14662.

The Council of School Officers is in basic agreement with the provisions of H.R. 14662 and H.R. 14400.

Under recommendations, we are offering several items for the consideration of the members of the committee who, if they find merit in them, can incorporate such suggestions into a revised version of the bill or bills.

INADEQUACY OF 13% PAY INCREASE

Our major concern with the bills, H.R. 14400 and H.R. 14662, is the "13 per centum" increase for all salary classifications.

If the chairman will be kind enough to indulge me for a few minutes, I would like to give a rationale for the council's feeling that the proposed 13 percent is inadequate.

The arguments may have an air of familiarity, but we believe that they are valid enough to bear repetition.

We are within 2 years of the Bicentennial Celebration of the independence of this country. We are having it in Washington, D.C., the Nation's Capital. Since, in many ways, the Nation's Capital is a

microcosm of the Nation as a whole, one should expect to find exemplary institutions and ideas in Washington.

What better way to celebrate the occasion of the Bicentennial than to point to an educational system that is helping its students to become independent citizens. We believe that the D.C. Public School System is working toward such a goal and we propose to continue to help achieve it.

However, meeting this challenge effectively necessitates the best quality of school leadership and management available. It follows that if we are to draw the best minds and administrative managerial talents to the D.C. schools, the D.C. School System must offer a salary for administrators which is competitive with other administrative salaries in the country—taking into account other salary levels as well as the cost of living in the Washington area.

A brief examination of the scope of responsibility of school officers would provide further justification for an enlightened salary schedule for D.C. school administrators.

The building superintendent, for example, is responsible and accountable for the successful effective operation of schools.

That responsibility is composed of the following dimensions: staff development, supervision of all employees, curriculum research and development, the implementation of an effective instructional program, the provision of supporting services such as guidance and counseling, health programs, et ceteria, serving a liaison function between school and parents; school and community, school management, including all school facilities and property, accurate record keeping—student, fiscal, et cetera.

Effectively discharging these functions requires an administrator who possesses a high level of conceptual, human relations and technical skills. These skills and training are comparable to those required by administrators in private industry and the Federal Government. It follows that salary for employees at this level of responsibility should be commensurate with the sum total of their experience, training, and expertise.

FACTORS TO CONSIDER

In determining what would be a fair and equitable percentage increase for school officers, consideration must be given to these factors:

(1) consumer price index;

(2) need for professional growth and development;

(3) cost of educational credits and courses;

(4) comparison of D.C., TSA officer salaries with the following: (*a*) surrounding school systems, (*b*) systems of comparable size, and (*c*) salaries of officers on the GS scale with similar responsibilities;

(5) establishment of salary scale which would attract the most qualified personnel; and

(6) increased cost of living.

According to the Bureau of Labor Statistics, the Consumer Price Index has risen from 119 in 1971 to 139 in 1974, resulting in an increase of 17.2 percent. By comparison school employees have received a total raise of 12 percent, given in two steps of 7 and 5 percent in 1972

and 1973 respectively. Prior to this amendment, school officer employees had not received an increase for 2 years.

Since 1955, the Teachers' Salary Act has been amended only seven times to provide for increased salaries and revisions in retirement benefits for school officers while salaries for other employees have increased more equitably and rapidly.

Technological advancements and educational assessments indicate a continued need for professional growth and development of school officers. The cost of continuing one's education whether through a university program or through conferences and workshops have been exhorbitant. Any officer's net income, therefore, is reduced by the cost of obtaining further education.

COMPARISON WITH OTHER CITIES

Moreover, when officer salaries under TSA are compared to those officers of comparable positions in schools of comparable size, the pay scale for the D.C. Public School System is found lagging.

In Detroit for the 1972–1973 school year, for example, a principal's salary ranges from $18,846 to $25,070, with the maximum obtainable in five steps. In addition, the workyear was 39 weeks.

New York City recently approved a salary structure with a range for school officers—including principals—from $24,000 to $35,000.

In Washington, a level I principal's salary begins at $19,205, with a maximum of $23,025, obtainable in nine steps with a 52-week workyear. Under the present D.C. salary structure, not only does the principal make less money, but it takes longer for him to attain maximum compensation.

The D.C. Public School System, during the past few years, has attempted to make the Nation's Capital truly an educational example for the country. If it is to continue this trend, it must be able to attract the best minds the area and the country have to offer. Salaries must then be attractive enough to make the move financially as well as professionally rewarding.

While the living costs have soared, the purchasing power of school administrators has fallen further behind their peers.

Therefore, a significant increase in salary is necessary in order to bring officers to a level comparable with others, to say nothing of a salary level commensurate with the educational requirements and responsibilities of their positions.

AMENDMENTS PROPOSED

The Council would offer these recommendations to be considered by the committee and, hopefully, incorporated into in total or in part in subsequent legislation. We therefore recommend:

1. That the act might be named "The Teachers and Officers Salary Act of 1974, to amend the Teachers' Salary Act of 1955."

The rationale behind this recommendation is that the Council would not want many of the excellent features and/or amendments of the 1955 act lost.

2. That the classification of TSA–6—principal—be retained.

3. That additional compensation for acquiring 60 semester hours above the master's degree be provided for officers.

4. That the number of steps needed to reach the maximum level of salary be reduced to five.

5. That an officer on sabbatical leave be granted the stated percentage of his salary as an officer, not as a teacher.

6. That serious consideration be given to a percentum of 22 percent for employees covered by this salary legislation.

7. That the four levels for principals be eliminated, and that a single salary scale fer them be developed. This is the only salary class in the D.C. School System, indeed in the D.C. Government, which is so discriminated against. A teacher is paid as a teacher without regard to the teaching load. An assistant superintendent with nine schools is paid the same salary as an assistant superintendent who has 20 schools. A police captain in a division with 200 patrolmen is paid the same salary as a captain of detectives who may supervise 35 men.

Mr. Chairman and members of the committee, the council of school officers again expresses its gratitude for giving its membership the opportunity to be heard on this vital issue of salary legislation.

Thank you.

Mr. DELLUMS. Mr. Anthony for your opening remarks, the Chair would yield to Mr. Hogan.

Mr. HOGAN. Mr. Anthony, your council is just a lost organization. You are not a supervised union?

Mr. ANTHONY. Yes, we are a union. We are tightly knit. We have contractual relationships with the Board at the present time. We hope to be involved in negotiating a new contract and hopefully, prior to June 30, when the present contract expires.

Mr. HOGAN. Are you a member of the Washington Teachers' Union?

Mr. ANTHONY. We are two separate unions. We are under the general head of AFL–CIO, but separate unions under that general heading.

Mr. HOGAN. So you are not in the general teachers' contract. You have a separate contract?

Mr. ANTHONY. Yes.

Mr. HOGAN. You haven't started negotiating yet?

Mr. ANTHONY. No.

RECOMMEND 22 PERCENT INCREASE

Mr. DELLUMS. I would like to ask a question: On your recommendation, No. 6, in your presentation, "That serious consideration be given to a percentum of 22 percent for employees covered by this salary legislation."

You are saying 22 percent, rather than 13 percent for all classifications covered in this legislation?

Mr. ANTHONY. Yes, we find it very difficult at this point to speak specifically for just school officers, because this is our bill for all school employees, and, while we are different unions, we have basically the same total, which is educating the children, and when I spoke about the importance of getting the most effective and best minds for school officers, I realize to get the best teachers and teaching talent, we must have more attractive salaries.

Miss MARTIN. As a school officer and former principal, do you believe that a longer school day would be to the benefit of the children in the school system?

Mr. ANTHONY. I wish I could say I could take the fifth amendment on that. I am in a unique position. I would say that the school officers work a longer schoolday.

The principal reports at 8 o'clock in the morning and leaves at 4:30 or he leaves at 5. This gives the school officer and the other officers an opportunity to do many things which are necessary which cannot be done in a shorter schoolday.

The school officers work much longer hours, because we attend meetings after 5 o'clock. We attend home and school social meetings.

If I appear to be begging a question, I guess I am. I do feel that if there is a possibility for teachers and officers to work together for an extended period of time, many things can be accomplished.

There are times when it is possible for school officers and groups of teachers to sit down and discuss problems. There are many things which may be done if the time were extended.

In truth, in many situations, this does occur. Where there is a need to do so, I have found that teachers are very willing to give us extra time, but I don't believe that with more opportunity to work together in having more time, either at the end of the day or the beginning of the day, there are some things which can be done now.

Mr. HOGAN. I assume that the 45 minutes that is being discussed in the current negotiations does not mean a longer school day for students necessarily? It merely means that the individual teacher will be available for things such as you have talked about—meetings of the teachers with their principals and supervisors and perhaps some extracurricular activities associated with student activities.

Mr. ANTHONY. If this longer school day were effected, that, together with the school administration and the teachers could develop the most effective way to use it. There are many things which could be done in this extended time.

Mr. HOGAN. Thank you, Mr. Chairman.

Mr. DELLUMS. Just one question: The data you alluded to earlier that was to be brought in by another gentleman to accompany you this afternoon, will that data deal with the salaries of school officers and compare them with other factors in jurisdiction around the country?

Mr. ANTHONY. Yes.

Mr. DELLUMS. We appreciate taking your time to testify before us and we will take your recommendations under advisement.

The Chair notes that there is a rollcall vote and our last witness is Miss Helen Samuels, Chairman, Legislative Committee, District of Columbia Retired Teachers Association.

[Recess from 4:25 p.m., until 4:50 p.m.]

Mr. DELLUMS. Mr. Nevius, of the city council has indicated he will submit a written statement to these proceedings.

[The statement of Mr. John Nevius of the City Council appears in the appendix.]

Mr. DELLUMS. The Chair now calls Miss Helen Samuels, chairman, legislative committee, D.C. Retired Teachers Association.

STATEMENT OF MISS HELEN SAMUELS, FOR THE CALENDAR, LEGISLATIVE COMMITTEE, DISTRICT OF COLUMBIA RETIRED TEACHERS ASSOCIATION

Miss SAMUELS. I am grateful for the privilege of appearing here today. I came to support the bill, H.R. 13970.

H.R. 13970

However, I think I would rather file my testimony because Mr. Broyhill made my points very well. However, I have been shot down on two issues. The first one was contained in the testimony of my good friend, Mr. Weinberg, when he testified against the passage of H.R. 13970. This is a sad commentary on the District government.

If they can find the money to increase the pensions in their budget to all the retirees who came under the classified service, it seems to me it is discrimination against a comparatively small group of teachers not to support this bill.

I think that is all I would have to say, except to ask you to approve the bill and speed it on its way through the Congress.

I would like to say that when you investigate, you will find there are some teachers who are receiving pensions higher than $90.50 a month who retired prior to October 1969 and many of those pensions are much lower than some of our teachers can really live on.

COSTS

To me, it is niggardly to oppose this for a mere $290,000. I know I am speaking very bluntly and forthrightly, but I know that is the way every retired teacher in this city will feel.

The other shot I feel was in the testimony presented here today saying that the District of Columbia retired teachers system is not actuarially sound.

I am glad you asked for materials containing the teachers retirement law because you will find, prior to 1966—if my memory serves me—we have one of the finest laws for retired teachers in the United States and we are proud of it.

However, in 1966, the District of Columbia government requested of Congress that the fund be funded at a level of about $60 million, if I remember correctly.

At that time, the District Education Association opposed that amendment because it was not only shortsighted, but, based on the needs of 1966 and was not looking forward to the years to come when inflation would have to be met.

However, the District of Columbia government won out and Congress passed that legislation. It would seem to me that if our fund is becoming not actuarially sound, the District of Columbia government had a responsibility to come back to Congress to ask for a level of $60 million to be raised.

This comes as a surprise to our newly retired teachers that our fund is not actuarially sound. I wonder if the officials of the school system have this knowledge. According to the press, sometime before the opening of the school, it was quoted that the officials wished to lower $300 from that fund to finance a program for handicapped children.

It was found that was not possible under the law. I am asking today that we give the District of Columbia Teachers Association time to study the proposals presented by Mr. Coppie to see if we can agree with those proposals and file our testimony on the District of Columbia teachers retirement law before any changes are made in the law.

Mr. DELLUMS. Without objection, the Chair will grant your request and would like you to do that as expeditiously as possible and leave the record open on the hearings until we receive your recommendations.

Miss SAMUELS. I will do that.

[The statement from the District of Columbia Retired Teachers Association follows:]

STATEMENT OF MISS HELEN SAMUELS FOR D.C. RETIRED TEACHERS ASSOCIATION

To the Committee on the District of Columbia Subcommittee on Education
U.S. House of Representatives

GENTLEMEN: I am Miss Helen E. Samuels and I am representing Miss Elizabeth D. Griffith, Legislative Chairman for the District of Columbia Retired Teachers Association. Miss Griffith is unable to be present because of illness.

I wish to speak briefly in support of the bill, H.R. 13970, the purpose of which is to amend the D.C. Teachers Retirement Act, approved August 7, 1946, to increase, in certain respects, the annuities payable to teachers who retired prior to October 20, 1969.

A similar Act was recently enacted into law to provide to retirees of the Civil Service Retirement System benefits like those contained in H.R. 13970. Since all retirees of the D.C. Public School System in the classified service who retired before October 20, 1969 also received these benefits, it is only fair and just, therefore, that retired teachers receive the same benefits.

Another compelling reason for passage of H.R. 13970 is that the annuities of all teachers, and those in the classified service, who retired prior to October 20, 1969 were computed on the average salary for the highest 5-year earning period, while the annuties of those who have retired since that date have been computed on the average salary for the highest 3-year earning period.

All pertinent information concerning the cost of this legislation has been furnished by Mr. Donald Weinberg, Personnel Director for the District of Columbia. I shall not, therefore, duplicate such information other than to say that I feel that the D.C. Teachers Retirement Fund has adequate capability to absorb the cost of the modest provisions of H.R. 13970.

Surely, I need not remind the Committee that our elderly retired teachers experience the same hardships and difficulties in trying to meet the greatly increased cost of living caused by inflation as do all other retired persons. Therefore, I urge immediate approval and effort on the part of the House District Committee to secure early passage of H.R. 13970 in order that our retired teachers will not have to continue to wait for these benefits. The D.C. Retired Teachers Association feels the date of enactment should be the same as that contained in the recent legislation to amend the Civil Service Retirement Act.

I thank the Committee for the privilege of making this statement and also my own Congressman, the Hon. Joel T. Broyhill, for having introduced H.R. 13970 on behalf of the D.C. Retired Teachers Association.

May 22, 1974.

Mr. DELLUMS. The Chair will yield time to Mr. Hogan.

RETIREMENT ANNUITIES

Mr. HOGAN. Miss Samuels, do you happen to know, off hand, what the average retirement salary is or pension or annuity is?

Miss SAMUELS. I don't have those figures. I expected Mr. Weinberg to provide them, but I am sure we can find them readily enough. I know that Mr. Weinberg's office can submit those figures.

Mr. WEINBERG. We would be pleased to get that information.

Mr. DELLUMS. Thank you, Mr. Weinberg.

Mr. HOGAN. Based on your own knowledge of the annuities received by retired teachers, do you have any idea what percentage $240 would be of the, let us say, the average of the people you know receiving retired teachers annuities?

Miss SAMUELS. I could base it on my own annuity and it would be less than 5 percent and I retired in 1960 and we had a comparatively small group. I would say it would affect approximately 1,200 teachers.

Mr. HOGAN. Was it your testimony—and I missed some of it a little while ago—the District has funded the classified retirement pay?

Miss SAMUELS. They have to find the money in the budget.

Mr. HOGAN. How much is that, ma'am?

Miss SAMUELS. I am not sure. Perhaps Mr. Weinberg can provide you with that information.

Mr. DELLUMS. We thank you for your presentation and thank you for coming today and look forward to the material you are going to submit.

The Chair would like to indicate that we will keep the record open on the hearing so that the president of the Retired Teachers Association would have an opportunity to submit his testimony in writing and other persons who were not able to appear and submit their testimony on the bills before us today in writing.

The Chair would note that we will leave it open for 1 week and the meeting will adjourn at this time.

[Whereupon, at 4:30 p.m., the subcommittee recessed, subject to the call of the Chair.]

[Subsequently, the following materials were received for the record:]

DEPARTMENT OF THE TREASURY,
Washington, D.C., May 21, 1974.

DEAR MR. WEINBERG: This is in reply to your letter of May 1, 1974 in which you request a cost estimate on H.R. 13970, a bill to provide certain Social Security minimums for annuitants under the D.C. Teachers Retirement System and to also provide an increase to those teachers retired prior to October 20, 1969 or their survivors (if on the annuitant rolls).

Based on the retired rolls at the beginning of 1974 we find that very few teacher annuitants (or survivors) will, after the cost-of-living increase of July 1, 1974, be receiving less than the $94 minimum primary insurance amount payable under Social Security. A total of 30 cases was found. The average increase per case was only about $15 per month or $180 per year, bringing the cost for 30 cases to only $5,400 for one year. This cost can be expected to remain more or less at this level (or at least at the same level as a percentage of payroll) year after year.

Paragraphs (e)(4) and (e)(5) of the bill provide an annuity increase of $240 per year for a retired teacher who retired prior to October 20, 1969 and $132 per year for the survivor annuitant of any teacher who retired prior to October 20, 1969. The cost of these two paragraphs is projected by fiscal years in the attached table.

It is assumed that the annuity increases in the preceding paragraph will take effect on 10/1/74, thus reducing the cost of fiscal 1975 by ¼. The added annual cost is estimated at $288,100 in fiscal 1975 and $371,300 in fiscal 1976. Thereafter it will decrease, reaching zero in the year 2005. At an interest rate of 5%, the impact on the unfunded liability will be $3,058,500. At an interest rate of 7%, the impact will be $2,718,100. As shown in the attached table, over 1600 retired and survivor annuitants will be affected.

Sincerely yours,

CEDRIC W. KROLL,
Government Actuary.

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
EXECUTIVE OFFICE,
Washington, D.C., July 16, 1974.

Congressman CHARLES DIGGS,
Chairman, House District Committee,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN DIGGS: Reference is made to the Committee Mark-up of July 15, 1974, concerning among other legislation, the Police and Firemen's Salary Act amendment and the amendments to the Teachers Salary Act of 1955. In the process of the Mark-up session, an amendment was proposed by Mr. McKinney concerning Title II of the Police and Fire Salary Act Amendments. This amendment would establish a Police and Fire Salary Benefit Committee which would be responsible for the conduct of studies of salaries and fringe benefits of these employees locally and nationally. The District of Columbia Government is opposed to any legislative provision which mandates upon the city the methods by which it shall establish pay for its employees, and equally as important the manner in which it would establish its labor program. The "McKinney amendment", however, concerns us more than similar proposals in H.R. 15777 or H.R. 14662. The McKinney amendment entangles the city government in a procedure which swings somewhere between a procedure for setting pay and one which would be established to resolve labor disputes in the city government in an awkward manner. The District of Columbia Government has had a wealth of experience in this area since 1960 and has established one of the most viable labor management regulations in the country. What is of concern is that the District's Board of Labor Relations, composed of two members selected by unions and two members selected by management, with the chairman selected by the four members, has been totally ignored in the debate which has recently centered on the desire of Congress to impose on the District of Columbia Government some form of "compulsory arbitration board" as a substitute for collective bargaining. We would like to stress to the Committee the fact that the District of Columbia Government has never sought to unilaterally impose its desires on the unions which it has recognized, but in fact made the unions a part of the development of the current program. The major concern that we see, not only in the unclear amendment submitted by Mr. McKinney or even the provisions currently existing in the bills now before the Committee, is the apparent lack of understanding of the collective bargaining process and especially as it relates to the public sector.

The McKinney amendment imposes dates for completion of the study as being June 30, 1975 and Council action as being no later than October 1, 1975. It fails to recognize that the collective bargaining process with multi-year contracts may frontload the salary increase or may allow for other methods of establishing pay. We find a serious flaw in the fact that if the District wanted to enter into a multiple agreement of three years whereby deferred increases were allowed each of those three years, this legislation would preclude such a legitimate provision. Section 202(b) requires that if an impasse in negotiation is reached on or before the expiration date of the existing collective bargaining contract, the parties must notify the Director of the Federal Mediation and Conciliation Service who shall appoint a board of arbitrators (mediation in this case is meaningless where settlement will be imposed by an arbitration board). This board shall then impose a form of compulsory arbitration on the city without true collective bargaining taking place. Problems in the city of Detroit, Philadelphia and the transit strike recently experienced by the Washington Metropolitan Area Transit Authority attests to the problems of compulsory arbitration and supports the argument that where compulsory arbitration is the only vehicle for the settlement of negotiation impasses that meaningful collective bargaining never takes place.

Another factor which concerns the District of Columbia Government is that we have always been ready and willing to negotiate to enter into meaningful collective bargaining; however, the unions who are so intent upon gaining recognition in order to bargain on behalf of employees have devised any means they can to circumvent and to avoid collective bargaining. The proposals that the Congress is now considering interpose an artificial substitute for true collective bargaining. The imposition of the procedures in both the Teachers and the Police and Fire legislation stifles the process of free collective bargaining, ignores the ability to pay and places in the hands of a third party full responsibility for setting pay rates, leaving management only the responsibility to find the money. We do not believe that school programs should be reduced or eliminated to pay for increases

that a jurisdiction cannot afford or that are not justified or that require regressive taxes be levied to finance salary increases. We do submit that the parties be allowed constantly to negotiate without artificial constraints of compulsory arbitration or improvised gimmicks to reach a settlement or come sufficiently close to allow a competent mediator to close the gap. We subscribe to Theodore Kheel's statement that arbitration can only be effective when bargaining has framed the issues with precision. The District's current labor program provides the full arsenal for third party resolution of disputes, including mediation and fact-finding. (In the case of the teacher's dispute such fact-finding was suggested by the Federal mediators and summarily rejected by the Teachers Union). In addition, the Board of Labor Relations already established by the District Government can impose arbitration on the parties, but only after the issues have been "well defined".

The District Government although opposed to the establishment of the labor board in H.R. 15777 on the grounds that it already exists in practice, believes it is infinitely better than that proposed in the McKinney amendment. Therefore, the District of Columbia Government strongly opposes the intent and the thrust of the provisions contained in the McKinney amendment and requests that the Congress consider no statutorily imposed labor legislation on the District Government for police and fire, since they are already covered by such a program. The District Government believes that on the eve of self-government it has made provisions for the mature conduct of labor relations which goes far beyond the patch work provisions contained in current bills. Experience has indicated that his program is workable and impartial and provides for the greatest freedom for both sides to enter into meaningful and valuable collective bargaining.

Sincerely yours,

DONALD H. WEINBERG,
Director of Personnel.

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
CITY COUNCIL,
Washington, D.C., July 17, 1974.

HON. CHARLES C. DIGGS, JR.,
Chairman, Committee on the District of Columbia,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: Both in my capacity as Chairman of the City Council and as Chairman of its Committee on Revenue, I wish to register our strong opposition to provisions reported in this morning's paper as being contained in two bills reported by your Committee yesterday which would force the City Government to grant pay increases to city employees in excess of amounts budgeted in our financial plan. This would virtually force this Council to raise taxes, a power which both the Congress and the voters of the District have already placed in the hands of the newly elected City Council after it takes office next January.

We solidly support pay raises contemplated in the city's budget. The House has already approved a budget and financial plan for raises at that level. We stand firm on the proposition that any pay increase must be achieved without increasing any taxes in FY 1975. We were not consulted about the wisdom of the measures adopted by your Committee yesterday, but I am compelled to inform you that we feel any proposals of the type described above are contrary to the best interests of orderly local government and very unwise. We hope they will not be adopted by the Congress.

Sincerely,

JOHN A. NEVIUS,
Chairman, City Council.

District Government Responses to Questions of the Education Subcommittee

1. *Was the Teachers' Retirement System ever funded in the past?*

The Teachers' Retirement System has been funded since 1920. The assets of the fund, approximately $60 million, are invested in U.S. Treasury securities in accordance with the District of Columbia Teachers' Retirement Act. Further growth in the size of the fund is limited by statute which places a ceiling on the assets of the Teachers' Retirement System. The retirement financing method used prior to 1968 took into account the amount of retirement liabilities accruing each year. The present method, however, does not follow this procedure and therefore does not provide for full financing.

Why and how, did this financing problem arise?

Prior to 1968, the Teachers' Retirement System was financed on a relatively strong funding basis with full provision for annually accruing liabilities and interest on the unfunded liability. Because of the healthy condition of the retirement fund, a more modest financing standard was proposed as a means of satisfying retirement obligations. Although the proposal reduced the amount of annual appropriations for building the fund, it guaranteed the payment of all retirement obligations when they fall due, thereby safeguarding current and future pension benefits to all eligible employees. The proposed change in the financing method was authorized by Congress in 1970 with the enactments of Public Law 91-263. However, since that time, additional salary increases, benefit adjustments, and unprecedented cost of living pension increases have weakened the actuarial condition of the fund, thus making it less sound than anticipated when the financing change was initially proposed. For this reason, the District Government has developed alternative financing options to strengthen the actuarial position of the fund.

What legal safeguards should be considered to preserve a sound fund hereinafter?

The District Government is firmly committed to improving the actuarial soundness of the Teachers' Retirement Fund. The three financing options presented to the Committee are intended to accomplish this objective. Legislation along the lines suggested in the alternative funding approaches would offer practical and reasonable safeguards to preserve an actuarially sound fund.

2. *How long have these options been pending in the Executive Office and when can the Committee reasonably expect that legislation will be available to act on?*

The options were described on a conceptual level for the Office of Management and Budget (OMB) on April 25, 1974 at which time they were presented with specific cost data on the Police and Fire Retirement System. After actuarial data on the Teachers' Retirement System had been developed, cost projections were submitted to OMB on May 22, 1974. Meetings on the retirement financing issue have already been held between OMB and District Government representatives. We are now awaiting OMB's response to the proposed options. A formal legislative proposal cannot be submitted by the District Government until the Executive Branch has taken an official position on this issue.

3. *Because of the similarity between the funding problem of the teachers' retirement and that of police and firemen, does the city have any position on considering these in a single bill or package bill?*

The District Government recognizes that jurisdictional responsibility for the Police and Fire Retirement System and Teachers' Retirement System is divided between two subcommittees of the House District Committee. However, because of the common financing issues shared by both retirement systems and the comparable approaches we have developed for dealing with these issues, it may be desirable for the full Committee to consider these issues in one legislative package. Since the city's legislative submission may be affected by OMB policy, a formal position must await official action on the proposals at that level.

4. *Has the city considered legislation to expand the investments of these funds to increase the average yield on these monies?*

Under the Home Rule Charter, the city has the authority to "have custody of all investments and invested funds of the District government, or in the possession of such government in a fiduciary capacity . . ." (Section 448 (8)). We are currently studying whether this authority applies to the Teachers' Retirement and Annuity Fund. If not, statutory authority will be required to take full advantage of the greater yield and capital appreciation opportunities of a diversified investment portfolio.

5. How does this compare with current investment experience of other state and local jurisdictions?

In fiscal 1971, the most recent year for which national data are available, all State retirement systems earned $2.2 billion on average assets of $40.3 billion for a net investment return of 5.5%. However, this represents a 10 percent increase above the 5.0% average rate of return in fiscal 1970. This dramatic improvement attests to the importance of examining rates of return on *new* investments made during the year, since most jurisdictions hold a number of older securities in their portfolios which do not return the same yield as new investments. Thus, in comparing investment yields over the long run, it is necessary to examine the return on new investments.

The present investment return on a wide range of securities reaches or exceeds 7% per year. The composite yield on the national debt of the United States was 8.375% as of May 31, 1974. At the same time, special Federal securities issued to the Social Security and Civil Service Retirement Systems was 7.625%. An article published in the *New York Times* (May 5, 1974) reported the investment return on high yielding securities of public utilities ranged from a low of 6.7% to a high of 11.1%, with only one company returning less than 7%. Short-term commercial securities issued by large blue chip corporations are now marked at or above 11% in response to increases in the prime lending rate.

Another consideration in selecting an interest rate assumption is the historical relationship between interest rates in the securities market and cost-of-living increases. The U.S. Treasury actuary advises us that a 2% differential generally exists between average yields in the securities market and the overall inflation rate. If this pattern were to hold in the future and cost of living increases maintain a longrun average of 5% annually, then a 7% interest assumption would appear to be realistic.

How would changes in the interest assumptions affect the amount contributed by Federal Government?

The amount of Federal and District Government contributions depends on the interest, salary, and cost of living assumptions ultimately selected, as well as the relationships among these assumptions. If the cost of living and salary assumptions used in the financial exhibits presented to the Committee are ultimately chosen, the amount of Federal contributions will vary inversely to whatever changes are made in the interest assumption. For example, if the interest assumption is lowered to 6%, total Federal contributions would increase to $609 million under OPTION 2 and to $497 million under OPTION 3 (data on OPTION 1 are currently under development). This is because total retirement costs increase at the same time when the amount of receipts available from interest earnings is reduced as a result of the lower rate of return. Conversely, if interest earning assumptions were increased, the Federal share of total costs would be below the estimates shown in the financial exhibits.

6. (a) *a copy of Teacher's Retirement plan.*

A copy of D.C. Code Title 31, Chapter 7 entitled "Retirement of Public School Teachers" is attached.

(b) *an explanation of how annuities are currently determined and any cost of living or other escalations provided.*

As provided in section 31-725, an employee's annuity is normally computed by taking the highest average salary for any three consecutive years and multiplying it by the sum of (a) 1.5% per year for the first five years of service, (b) 1.75% per year for the next five years of service, and (c) 2% for each year thereafter. Thus, for example, an employee who has reached the age of 55 after providing 30 years of service would receive an annuity based on 56.25% of the highest three year average salary.

The retirement plan also provides automatic cost of living adjustments identical to those allowed under the Civil Service Retirement System. The method of computing annuity adjustments is described in section 31-739a. The amount of the adjustment depends upon the actual change in the Consumer Price Index. If the current CPI exceeds the base month index (used to compute current annuities)

by 3% for three consecutive months, then annuities are increased by a percentage equal to the highest index for the three month period plus an additional 1% for the time lag since the last cost of living adjustment.

(c) *an explanation of the Disability Retirement Plan and a table on the percent of total retirements which are disability for the last five years.*

Disability benefits are granted in the Teachers' Retirement System for employees who become physically or mentally disabled and incapable of performing the duties of their position. The amount of the annuity is the lesser of: (1) 40% of an employee's average salary, or (2) the amount obtained in subparagraph b (above) after projecting an employee's creditable service to age 60. Comparative data on the number of service and disability retirements during the five year period 1967–1971 are given in the following table.

TABLE 1.—NUMBER OF RETIREMENTS FOR TEACHERS' RETIREMENT SYSTEM: 1967-71

Year	Total retirements	Service retirements		Disability retirements	
		Number	Percent	Number	Percent
1967	124	109	88	15	12
1968	116	103	89	13	11
1969	118	105	89	13	11
1970	128	113	88	15	12
1971	126	103	82	23	18

Source: Based on data from a report prepared by the U.S. Department of the Treasury, entitled "District of Columbia Teachers Retirement System: Acturial Valuation as of Dec. 31, 1971." App. A, pp. 14-15.